United States Court of Appeals

for the Second Circuit

APPELLANT'S APPENDIX

75-7397

IN THE

United States Court of Appeals

FOR THE SECOND CIRCUIT

STECHER-TRAUNG-SCHMIDT CORPORATION,
Plaintiff-Appellee,

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,
Defendants-Appellants.

APPEAL OF M. A. SELF, BEE CHEMICAL COMPANY AND ARTHUR S. HECKER.

APPENDIX FOR APPELLANTS

APPEAL FROM THE ORDER OF THE UNITED STATES DISTRICT COURT OF THE WESTERN DISTRICT OF NEW YORK AT CIVIL ACTION NO. 75-131.

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR,
1800 One M & T PLAZA,
Buffalo, New York 14203,

BAKER & McKENZIE,
700 Prudential Plaza,
Chicago, Illinois 60601,

Attorneys for Defendants-Appellants.

UNITED STATES COURT OF APPEALS
FILED
OCT 7 1975
SECOND CIRCUIT

BATAVIA TIMES, APPELLATE COURT PRINTERS
A. GERALD KLEPS, REPRESENTATIVE
20 CENTER ST., BATAVIA, N. Y. 14020
716-343-0457

PAGINATION AS IN ORIGINAL COPY

INDEX.

page

Docket Entries..... 1

Complaint..... 3

Exhibits Attached to Complaint:

I--Conditions Facing Bee, Conditions Facing S.T.S., Rational for Merger and a 12-page Brochure of Bee Chemical Company.... 22

II--Two proxies prepared and signed by an Officer of Roulston..... 39

III--Bee Chemical Company Financial Analysis June 1974..... 41

IV--Letter Dated January 20, 1975..... 72

V--Letter Dated February 5, 1975..... 79

VI--Letter Dated February 19, 1975..... 81

VII--Letter Dated February 19, 1975..... 84

Order to Show Cause and Temporary Restraining Order..... 87

Motion for Temporary Restraining Order and Preliminary Injunction..... 91

Affidavit of Charles L. Thompson in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 94

Exhibits to the Affidavit of Thompson:

Letter Dated April 29, 1974..... 97

Schedule of Purchases by Roulston and Company..... 99

Proxies prepared and signed by an Officer of Roulston..... 103

Letter, Important Request Concerning Proxy Solicitation Material..... 104

Affidavit of William C. Warren in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 107

Affidavit of George R. Williams in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 111

page

Affidavit of Douglas M. Johnson in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 1 3
Answer to Complaint..... 117
Counterclaim..... 135
Exhibit Attached to Counterclaim:
A--Letter Dated March 17, 1975, with Attachments..... 143
Affidavit of M. A. Self in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunctions..... 155
Exhibits Attached to Affidavit of Self:
A--Customer Confirmation and Statements of such Purchases..... 171
B--Letter Dated April 19, 1974..... 219
C--Letter Dated May 2, 1974..... 220
D--Letter Dated March 17, 1975 with Attachments..... 222
Affidavit of Arthur S. Hecker in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunctions..... 234
Motion to Dissolve Temporary Restraining Order..... 236
Affidavit of M. A. Self in Support of Motion to Dissolve Temporary Restraining Order..... 238
Affidavit of Thomas H. Roulston..... 240
Reply to Counterclaim of Counterplaintiff and Counterclaim. 244
Reply Affidavit of Douglas M. Johnson in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 263
Reply Affidavit of Charles L. Thompson in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 267
Reply Affidavit of Donald W. Davis in Support of Motion for Temporary Restraining Order and Preliminary Injunction..... 269

page

Reply to Counterclaim..... 272
Amended Complaint..... 283
Exhibits Attached to Amended Complaint:
I--Conditions Facing Bee, Conditions Facing S.T.S. and 12-page Brochure of Bee Chemical Company..... 313
II--Two proxies prepared and signed by an Officer of Roulston..... 329
III--Bee Chemical Company Financial Analysis June 1974..... 331
IV--Letter Dated January 20, 1975..... 362
V--Letter Dated February 5, 1975..... 369
VI--Letter Dated February 19, 1975..... 371
VII--Letter Dated February 19, 1975..... 374
Decision and Order..... 377
Notice of Petition..... 386
Petition for Reconsideration of the Order of June 17, 1975, etc..... 388
Exhibit Attached to Petition:
A--Statement filed pursuant to Section 13(d)(1) of the Securities Exchange Act of 1934..... 391
Notice of Appeal..... 405
Order to Show Cause..... 407
Motion to Dismiss..... 409
Affidavit of Kenneth A. Payment..... 411
Exhibits Attached to Affidavit of Payment:
"A"--Letter Dated June 27, 1975 with Attachments..... 414
"B"--Notice of Petition..... 419
"C"--Letter Dated June 30, 1975..... 438
"D"--Letter Dated June 30, 1975..... 439
"E"--Envelope..... 440
Order and Decision..... 453

Docket Entries.

Civ-75-131 Stecher-Traung-Schmidt Corp. v. M.A. Self, et al.

DATE 1975	NR.	PROCEEDINGS	
Apr. 7		Filed complaint inRoch. by Judge Burke & retained there.	
7		" order to show cause why the Ct. should not issue a preliminary injunction restraining defts. etc. from directly or indirectly from voting in person or by proxy any shares of pltf. etc. & pltf. to file an undertaking bond of $5,000.00 ret. 4-14-75-Burke,DJ (filed & original retained in Roch.)	F-163
2		JS 5 made	
11		Filed bond	
14		Filed Pltfs. affidavit of service on Defts., M.A. Self, Bee Chemical Company & Arthur S. Hecker on 4-8-75	
14		Filed Pltfs. affidavit of service on Defts., Thomas Roulston, Roulston & Company, Inc. & John Doe on 4-8-75.	
14		Filed Defts. M.A.Self, Bee Chemical & Arthur Hecker answer & counter-claim	
14		Filed Defts' M.A.Self, Bee Chemical & Hecker, affidavit in opposition to preliminary injunction	
14		Filed Defts., MA.Self, Bee Chemical & Hecker, affidavit & motion to dissolve TRO	
14		Filed Defts., M.A.Self, Bee Chemical & Hecker affidavit & notice of motion for TRO enjoining Pltf. from holding annual stockholders meeting	
14		Filed affidavit of deft. Thomas N. Roulston	
14		Order to show cause for preliminary injunction. To be submitted 4-16-75, Motion by deft., M.A.Self, Bee Chemical & Hecker to dissolve TRO . To be submitted 4-16-75. Motion by Defts. M.A.Self Bee Chemical & Hecker for TRO to be submitted 4-21-75. Temporary Stay is continued until Ct. decides motion to vacate.	
18		Filed Pltfs. reply to counterclaim of deft., Bee Chemical & counterclaim	
18		Filed Pltfs. reply affidavit in support of motion for TRO & preliminary injunction.	
18		Filed Defts. M.A. Self, Bee Chemical & Hecker, reply to counterclaim	
21		Filed amended complaint.	
23		Filed decision & order denying defts. motion for preliminary injunction with the provision that defts. M.A. Self, Bee Chemical Co and Arthur S. Hecker may vote in person or proxy any shares of pltf. now held of record etc. at the annual meeting of stockholders on 4-30-75. In that respect the TRO issued 4-7-75 is modified-Burke, DJ Notice & copies to Harter, Secrest & Emery & Hodgson, Russ, Andrews Woods & Goodyear	F-163
28		Filed Defts'., Roulston & Co., Inc. & Thomas Roulston answer to amended complaint.	
29		Filed findings of fact, conclusions of law & order denying defts. motions in all respects.-Burke, DJ Notice & copies to Harter, Secrest & Emery; Johnson, Reif & Mullan; and Hodgson, Russ, Andrews, Woods & Goodyear	F-163
May 2		Filed Defts. affidavit of service of amended compaints answer of deft. Roulston & Co., Inc. & Thomas Roulston on defts. M.A.Self, Bee Chemical Co. & Arthur S. Hecker on 4-29-75	
2		Filed Deft. Roulston & Co. & Thomas Roulston answer to amended complaint on defts. Roulston & Co. & Thomas Roulston on 4-29-75	
2		Filed Defts., Roulston & Co. & Thomas Roulston answer to amended complaint on pltfs. atty. on 4-29-75.	
22		Filed Pltfs. request for production of documents to Defts. Roulston & Company and Thomas Roulston	
June18		Filed decision & order that pending this suit defts. etc. are enjoined from directly or indirectly from voting in person or proxy any share of the pltfs. etc.-Burke, DJ Notice &	F-165

Docket Entries.

CIVIL DOCKET CONTINUATION SHEET

PLAINTIFF	DEFENDANT	DOCKET NO. 75-131
Stecher-Traung-Schmidt Corp.	M.A.SELF. et al.	PAGE 2 OF ____ PAGES

DATE 1975	NR.	PROCEEDINGS
June 18		copies to Kenneth A. Payment; Hodgson, Russ, Andrews etc.: Baker & McKenzie; and Johnson, Reif & Mullan
27		Filed Notice of Petition of Defts. M. A. Self, Bee Chemical Co. and Arthur S. Hecker for reconsideration of order filed 6/18/75 or, in the alternative, for stay of preliminary injunction--ret. 7/14/75 at Roch.--submitted
27		" Notice of Appeal of Defts. M. A. Self, Bee Chemical Co. and Arthur S. Hecker (copy mailed to Mr. Payment and Johnson, Reif & Mullan and to Clerk, CCA with copy of docket entries; CCA's Forms C and D mailed to Mr. Schroeder)
July 8		" Order to show cause why Defts'., M. A. Self, Bee Chemical Co. and Arthur S. Hecker, petition for reconsideration of preliminary injunction should not be dismissed-ret.at Roch. 7-14-75-Burke, DJ--submitted F-166
11		" Bond for Costs on Appeal
18		" Decision and Order denying petition of Defts. M. A. Self, Bee Chemical Co. and Arthur S. Hecker for reconsideration of order filed 6/18/75 and denying stay of preliminary injunction pending appeal-Burke, DJ (Notice to Messrs. Payment, Schroeder and to Johnson, Reif & Mullan) F-166
Apr.18		Filed Pltf's. affidavit in opposition to motion to enjoin annual meeting (rec'd.by Clerk 8/1/75 for docketing)
25		" Defts., M.A. Self, Bee Chemical & Hecker, affidavit and order to show cause for preliminary injunction restraining Pltf. from holding annual stockholders meeting, etc. (rec'd.by Clerk 8/1/75 for docketing)
25		" Pltf's. affidavit in opposition to granting of order to show cause (rec'd. by Clerk 8/1/75 for docketing)
Aug. 5		Original pertinent papers, docket entries & Clerk's Certificate mailed to Clerk, CCA

Complaint.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

CIVIL ACTION NO. _____

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

COMPLAINT

Defendants.

Plaintiff, Stecher-Traung-Schmidt Corporation (hereinafter called "STS"), by its attorneys, Harter, Secrest & Emery, respectfully alleges and shows to the court as follows:

PARTIES

1. STS is a corporation organized under the laws of the State of New York with its principal executive office at 274 North Goodman Street, Rochester, New York.

2. On information and belief, Defendant M. A. Self is an individual who resides in the metropolitan Chicago area and is chief executive officer, President and Chairman of the Board and a principal shareholder of Defendant Bee Chemical Company.

3. On information and belief, Defendant Bee Chemical Company is an Illinois corporation having its principal offices at 2700 East 170th Street, Lansing, Illinois.

4. On information and belief, Defendant Roulston & Company, Inc. is an Ohio corporation which is a member of

the New York Stock Exchange with its principal place of business at Investment Plaza, Cleveland, Ohio and is a member of a group hereinafter called the Bee-Self Group.

5. On information and belief, Defendant Thomas Roulston is an individual who resides in the metropolitan area of Cleveland, Ohio and is President and principal shareholder of Defendant Roulston & Company, Inc. and a member of the Bee-Self Group.

6. On information and belief, Defendant Arthur S. Hecker is an individual who resides in the metropolitan area of Chicago, Illinois and is Vice Chairman of Bee Chemical Company.

7. Defendant(s) John Doe (hereinafter the "Other Defendant(s)") is (are) one or more person(s) whose identity is (are) presently unknown to the Plaintiff and who is (are) customer(s) of Roulston & Company, Inc. and/or a member(s) of the Bee-Self Group.

JURISDICTION AND VENUE

8. STS has outstanding one class of common stock styled Common Stock Par Value $5.00 per share, which class of securities is registered under the Securities Exchange Act of 1934 as amended (the "Act") pursuant to Section 12 of the Act. At March 12, 1975 STS had an estimated 1,100 shareholders of its Common Stock.

9. This action arises under Section 13 of the Act, and the rules and regulations of the Securities and Exchange Commission promulgated in connection therewith, and this court has jurisdiction under Section 27 of the Act.

10. The acts and omissions complained of took place in substantial part within the Western District of New York and the Plaintiff's claim arises in said District.

11. Plaintiff STS has no adequate remedy at law for the acts and omissions complained of.

FACTS

12. On September 19, 1973 contact was made with STS's President and Treasurer by T. Roulston who advised that Roulston & Company, Inc. was interested in buying STS's Common Stock as an investment for its clients. T. Roulston further advised that Roulston & Company, Inc. represented and handled only a very small number of large accounts consisting of banks, investment groups, pension plans and wealthy individuals, and that he could invest their money in his discretion and would be a single representative of all such shares. Roulston emphasized that his organization was not a trading brokerage house but an investment house interested in special situations.

13. On October 16, 1973 the Board of Directors learned that Roulston & Company, Inc. had begun to acquire a number of STS's shares and authorized one of its members, Donald Davis, whose principal occupation is in the brokerage industry, to call Roulston. In response to his call, Roulston advised again that Roulston & Company, Inc. was an investment house which represented a very limited number of large sophisticated investors, many of which were institutions and one or more of whom were overseas clients. Roulston again

advised he sought out investments and special situations to put his clients into for investment purposes and not regular brokerage house business. During this call Defendant T. Roulston suggested that he had a company which viewed STS as a possible merger candidate.

14. In December 1973 STS's President, four of its directors and Douglas M. Johnson, a consultant who became STS's new president in early 1974, met in STS's San Francisco office with the Defendant, Roulston, the Defendant Self and the Defendant Mr. Hecker. At this time the Defendant T. Roulston introduced the Defendant Self and Bee Chemical for the purposes of discussing a merger. At this meeting the Defendants Self, Hecker and T. Roulston urged an immediate merger of STS into the Defendant Bee Chemical. Later that day the Defendant T. Roulston met with Mr. Davis, an outside STS director, to again urge a merger as soon as possible.

15. In January 1974 at the request of Defendant T. Roulston, Mr. Davis, met with him at the Metropolitan Club in New York City where Roulston expressed both his impatience and his disappointment with STS's consideration of a merger proposal and indicated his desire, in the light of the large block of stock held in the name of Defendant Roulston & Company, that further consideration should be given to the merger so that the stock would show some performance.

16. In February 1974 two of STS's outside directors, Ehrlich and Davis, met in Chicago with Defendant Self and officers

of Bee Chemical, at which time they were again urged to act quickly on the merger proposal.

17. On April 2, 1974 Defendants T. Roulston and Self together with Defendant Hecker met with STS's President in San Francisco and discussed a merger with STS, proffering the four documents in Exhibit 1 hereto which were, on information and belief, prepared in whole or in part by Roulston & Company, Inc. and which bear the headings:

"Conditions Facing Bee" - dated 4/1/74
"Conditions Facing STS" - dated 4/1/74
"Rationale for Merger" - dated 4/1/74
"Bee Chemical" - a 12-page brochure describing Bee, its business and management - dated March 1974.

18. On the morning of April 17, 1974 at a meeting of the Board of Directors Defendant T. Roulston as a representative of Defendant Roulston & Company, Inc. again proposed the merger with Defendant Bee Chemical and stated that STS was being mismanaged and questioned its ability to ride out the then general business decline urging that STS must change direction and the proposed merger was the best course of action.

19. On the afternoon of April 17, 1974 Defendant T. Roulston as a shareholder attended the Plaintiff's Annual Meeting of Shareholders in Rochester, New York and asked for and thereafter obtained additional information concerning STS, including a list of STS's ten largest shareholders. At the Annual Meeting Roulston submitted two proxies prepared and signed by an officer of Roulston; #1 for 39,000 shares and #2 for 7,200 shares, an aggregate 46,200 shares, copies of which are attached as Exhibit II.

20. On June 6, 1974 Defendant T. Roulston came to Rochester, New York and advised STS's President that Defendant Roulston & Company, Inc. had been commissioned to make a complete study of Bee Chemical for the purposes of demonstrating its desirability and again urged a quickening pace of consideration of a merger.

21. On July 2, 1974 STS's President met in Cleveland with Defendant T. Roulston, at Roulston's request. Roulston again urged the Bee-STS merger. Roulston emphasized the attractive borrowing base which STS would provide to Bee and indicated that if a merger were not consummated Defendants Self and Bee Chemical would have to enter into some sort of arrangement before the end of 1974 in order to satisfy the creditors of Defendant Bee.

22. In early July 1974 T. Roulston delivered to STS a Financial Analysis of Bee Chemical Company dated June 1974 a copy of which is attached as Exhibit III.

23. During the period September 1973 to February 12, 1974 Defendant Roulston & Company, Inc. while urging the Bee merger acquired in the market an aggregate 40,750 shares of STS's Common Stock or approximately 5.1% of STS's then outstanding shares as follows:

Month	Shares Acquired	Total Through End of Month		Total as a % of Shares Outstanding
1973				
September	300	300	=	0.04%
October	1,936	2,236	=	0.28%
November	8,233	10,469	=	1.30%
December	14,962	25,431	=	3.16%
1974				
January	6,719	32,150	=	4.00%
February 1 to February 12	8,600	40,750	=	5.07%

24. During the period February 12 to August 13, 1974 Defendant Roulston & Company, Inc. acquired additional shares as follows:

Month	Shares Acquired	Total Through End of Month		Total as a % of Shares Outstanding
1974				
February 12 to 28	5,460	46,210	=	5.75%
March	728	46,938	=	5.84%
April	8,703	55,641	=	6.92%
May	559	56,200	=	6.99%
June	2,006	58,206	=	7.24%
July	5,071	63,277	=	7.87%
August 1 to August 12	--	63,177	=	7.86%

25. On August 13 Defendant Roulston distributed from its name to Defendant Bee Chemical Company an aggregate 39,000 of Plaintiff's common stock or approximately 4.85% of Plaintiff's then outstanding shares.

26. Since August 13, 1974 to January 28, 1975, the last purchase, Defendant Roulston has acquired an additional 1,100 shares or an additional 0.14%.

27. On September 17, 1974 Defendant Self met with six of Plaintiff's eleven Directors in Rochester, at his request, and advised them to the effect that Plaintiff had been mismanaged, that any member of the Board who had been on the Board over one year should resign because of their responsibilities for this mismanagement, that Plaintiff's assets were being uselessly employed, its business unprofitable, that the printing industry was generally a poor business, and that if he (Self) were in control he would re-evaluate STS and its assets and put them to a better and more profitable use, and that the shareholders of STS would be better served by liquidating the company and investing the funds elsewhere.

28. At that same meeting, on September 17, 1974 Defendant Self indicated to the Plaintiff's officers and directors that he should be a director, that STS should immediately elect him a director and stated that he might otherwise run for such office on his own.

29. On October 17, 1974 STS's President and one of its outside directors, Davis, met at the request of Defendant Self with Defendants Self and Hecker in Chicago. STS's President indicated his surprise to discover that Roulston had transferred some 39,000 shares to Bee and asked why STS was not informed of Bee's ownership earlier in the year. Self generally refused comment, except to indicate that such knowledge might have clouded the merger discussions. Defendants Self and Hecker restated at length their earlier criticism of STS's prior management, its directors, its direction, its profitability and its general business.

Defendant Self concluded that he had three options - (a) to continue as an investor and collect dividends, (b) to sell his shares, or (c) to take aggressive action towards STS. Self again demanded a seat on the Board, which demand was refused. Self refused to answer any questions concerning his relationship with Roulston & Company or its other clients.

30. During the first weeks of November Self requested a meeting with William Warren, an outside director of STS, offering to come to Rochester the next day. Warren refused and arranged a meeting in Chicago as part of another trip he was taking. On November 15, 1974 Mr. Warren met at the request of Defendant Self with Self and Hecker, an officer of Bee Chemical, at O'Hare Airport in Chicago. Self solicited Warren's aid in acquiring from private sources, which he assumed Warren represented, of a minimum of 100,000 additional shares of STS, quoting a wide range of possible prices well above current market values to obtain those shares. Defendant Self requested of Warren information concerning shares held in trusts by banks and asked if he thought there was a possibility of acquiring any of those shares. In response to Warren's inquiry he indicated he had no desire to sell back the shares he then owned as it would be admitting defeat. Subsequent to this meeting, Mr. Warren placed a follow-up telephone call during the first week in January 1975 indicating no interest and Self responded by suggesting that Warren advise at what price shares would be available. On January 21, 1975 Hecker also renewed the request on behalf of Defendants Bee and Self.

31. By letters from STS's counsel, dated January 20, 1975 to Defendants Roulston & Company, Inc., Bee and Self, the Defendants were requested to provide STS with certain information so that it might comply with the requirements of Schedule 14A, Item 5(e) of the Act relating to disclosure in its Proxy Statement of any possible change in "control" of STS. Copies of the letters of request are attached hereto as Exhibit IV. Defendant Roulston first advised by phone that it was not required to respond but then subsequently advised that it was not a 5% shareholder by letter dated February 5, 1975 (Exhibit V). Defendants Self and Bee declined at the suggestion of their mutual counsel to respond in any fashion. Plaintiff's counsel, after receiving oral affirmation of this refusal from Bee and Self's mutual counsel, renewed by letter dated February 19, 1974 (Exhibit VI) STS's request for information to which no reply has been received. STS's counsel advised the Securities and Exchange Commission of its inability to obtain the required information for its proxy material by letter dated February 19, 1975 (Exhibit VII).

32. At April 4, 1975, Plaintiff's transfer agent's records indicate that

(a) Defendant Roulston & Company, Inc. own of record 25,200 shares - 3.1% of the Plaintiff's now outstanding common stock.

(b) Defendant Bee Chemical Company owns of record 39,000 shares - 4.84% of Plaintiff's now outstanding common stock.

(c) Defendant Self does not own of record any shares.

(d) Defendant T. Roulston does not own of record in his name any shares.

(e) The other Defendants own of record an unknown number of shares of record.

33. Regulation 14A, Rule 14a-3(d) of the Act and the rules of the exchanges require STS to inquire about beneficial ownership and a broker to distribute to each beneficial owner of securities held in such broker's nominee account(s) a copy of the STS proxy material. In response to the request of STS in February 1975, Roulston & Company has requested only one copy of such material to distribute in compliance with such rules thereby indicating there is only one beneficial owner of the 25,200 shares held in its name.

CLAIM

34. The allegations and requests for relief set forth in the Claim are based on the facts and information heretofore and hereafter alleged and brought under and pursuant to Sections 13(d)(1), (2), (3), (4) and (6) of the Act and Rules 13d-1, 2 and 3 promulgated thereunder by the Securities and Exchange Commission relating to the required filing of disclosure statements by the beneficial owners of 5% of any class of equity security registered under Section 12 of the Act.

35. On information and belief, since September 1973 Defendants Self, Bee, T. Roulston, and Roulston & Company, Inc. and the other Defendants (consisting of other clients

of Roulston & Company) formed a group or joined a combination and conspiracy (the Bee-Self Group), the purpose of which was to take control of Plaintiff STS, change its Board of Directors, and change its historical operations and business and liquidate certain or all of Plaintiff's assets to provide capital for Bee's operations. This combination and conspiracy has continued unabated to the date of this Complaint.

36. On information and belief the Defendants T. Roulston and Roulston & Company, Inc. have acted as the agents of Defendants Bee and in Self in previous acquisitions and mergers.

37. On information and belief the Defendants Bee Chemical and M. A. Self have during the past nine years acquired a number of companies whose operations have been subsequently closed down, liquidated or moved.

38. On information and belief the Defendants are seeking to obtain control of STS for the purpose of using its working capital, borrowing capabilities and other assets for their purposes and not for the furtherance of the business and operations of STS or the benefit of its shareholders.

39. On information and belief since September 1973 to the date hereof, Defendant T. Roulston and Roulston & Company have agreed to vote shares owned of record by Roulston & Company and beneficially by the other Defendants with those owned of record by Bee Chemical and beneficially by Self to accomplish this seizure of control of STS.

40. Since February 12, 1974 to the date hereof the Bee-Self Group has owned, pooled, aggregated, acquired or

held beneficially, directly or indirectly approximately 40,750 shares or more of STS common stock - 5% or more of STS then outstanding common stock.

41. Section 13(d)(1) of the Act and Rules 13d-1 and Rule 13d-3 promulgated thereunder require any person or group who acquires, pools, purchases, aggregates or holds beneficially, directly or indirectly, 5% or more of STS outstanding common stock within 10 days thereafter, to file with the Securities and Exchange Commission and STS in Rochester, New York a statement required by Schedule 13D, promulgated pursuant to the Act.

42. The Defendants Self, Bee, T. Roulston, Roulston & Company and other Defendants have not individually nor as the Bee-Self Group filed the statement required by Section 13(d) of the Act and Rule 13d-1 and Schedule 13D promulgated thereunder.

43. Sections 13d(1) and 13d(6) further require the filing of a Schedule 13D by every person or group who owns 5% or more of STS outstanding common stock whenever such person or group shall acquire an additional 2% within a twelve-month period.

44. Since February 12, 1974 when they owned more than an aggregate 5% the Bee-Self group acquired in excess of an additional 2% of STS.

45. The Defendants Self, Bee, T. Roulston, Roulston & Company and the other Defendants have not individually nor as the Bee-Self Group filed the additional statement required by Section 13(d)(1) and Section 13(d)(6) on Schedule 13D.

46. By their failures to file the Defendants Self, Bee, T. Roulston, Roulston & Company, the other Defendants and the Bee-Self Group have intentionally concealed material information from the Securities and Exchange Commission, STS, STS's shareholders, and the investing public, all in violation of the Act and the Rules thereunder.

47. By reason of this concealment and violations of the Act Defendants Bee, Self, T. Roulston, Roulston & Company, the other Defendants and the Bee-Self Group have caused STS, its shareholders and the investing public to suffer substantial and irreparable injury which will be greatly magnified and intensified if they are not immediately and permanently enjoined from pursuing said illegal plan and scheme.

48. Since the date when the Bee-Self Group became the beneficial owners of 5% or more of STS common stock STS, its shareholders and investing public have been deprived in controvention of the Act of essential information about nature of the Bee-Self Group, including the identity and business background of its members; the source of funds for the purchase of the shares; whether or not the Group or any individual member intends to take control of STS; whether it intends to merge STS with any other entity; whether it intends to make any changes in its operation; or sell any of its assets or liquidate it in whole or in part; whether it intends to replace management; and whether or not it intends to acquire additional shares, all of which would have been disclosed in Schedule 13D.

49. By reason of being deprived of the information as aforesaid, STS's management, STS's shareholders, the investment community and the investing public have been unable for over thirteen months, to evaluate that information so as to intelligently determine its ultimate effect on the policy and operations of STS; and whether the Bee-Self group plans were in the best interest of STS; as well as to conclude whether they wished to purchase, retain or dispose of their interests in STS as a consequence of their evaluation of that information.

50. The conduct of the Bee-Self Group and of its constituent members, the Defendants Bee, Self, T. Roulston, Roulston & Company, and the other Defendants will, if not enjoined

(a) result in a dislocation of the normal operations of STS, create uncertainty about its future control, its management, its policies and operations, and thereby disrupt, impede and otherwise dislocate the ordinary course of STS's business and its ability to pursue its business.

(b) severely affect the orderly market in the common stock of STS.

(c) result in an erosion of the confidence of the financial community both in the general future of STS and in the continuation of management in particular so as to make more difficult, costly, or impossible borrowing for corporate purposes.

(d) result in an erosion in the confidence of the customers of STS in STS's ability to continue to provide

the high levels of quality and reliability which are principal factors in attaining and maintaining its customers.

(e) result in an adverse effect upon the morale of employees who are already concerned over a nationally uncertain business climate and the possible loss of key employees to competitors offering havens of job stability.

(f) result in a continuation of grossly uninformed investment decisions by potential and existing STS shareholders as well as the investment community at large.

WHEREFORE, Plaintiff STS prays

A. That the Court adjudge each of the Defendants Bee, Self, T. Roulston, Roulston & Company, Inc., the Other Defendants and the Bee-Self Group to have violated Section 13 of the Act and the Rules and Regulations promulgated thereunder;

B. That each of the Defendants and the Bee-Self Group, their agents, officers, associates, affiliates and all others conspiring or acting in concert with them or on their behalf, be enjoined for a period of three years from directly or indirectly:

1. voting in person or by proxy any shares of STS now held of record or beneficially by any of the Defendants with respect to (a) the election of directors, (b) any plan of merger, consolidation, or sale of assets and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS operations or formulate its policies.

2. soliciting from any STS shareholder any proxy, consent or authorization or support to vote the common stock

of STS, or from voting any proxy or authorization now held with respect to (a) the election of director, (b) any plan of merger, consolidation or sale of assets, and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS's operations or formulate its policies.

3. Entering into future agreements with any other shareholders of STS to obtain control of STS.

4. Purchasing, acquiring or otherwise aggregating any additional shares of STS whether in the open market, by tender, by private negotiation or in any other manner.

5. Using or obtaining for any purpose any list of STS shareholders, or disclosing information in any list now held by them to any other person.

6. Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of STS in violation of the Act and the Rules and Regulations promulgated thereunder.

C. That each of the Defendants, and the Bee-Self Group be directed to file with the Securities and Exchange Commission accurate statements in compliance with the requirements of Section 13(d) of the Act and the Rules promulgated thereunder.

D. That Plaintiff be reimbursed by the Defendants, and the Bee-Self Group for the costs, expenses and damage, including reasonable attorneys' fees, caused to it by the said unlawful acts.

E. That Plaintiff have such other, different or further relief as to the Court may seem just and proper.

Dated: Rochester, New York
April 6th, 1975

HARTER, SECREST & EMERY

By Stuart B. Mesenkahl
Member of the Firm

Attorneys for Plaintiff
Office and Post Office Address
700 Midtown Tower
Rochester, New York 14604
Tel: (716) 232-6500

Complaint.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

DOUGLAS M. JOHNSON, being duly sworn, deposes and says: that he is an officer, to wit: President of STECHER-TRAUNG-SCHMIDT CORPORATION, the plaintiff in the above-entitled action; that he has read the foregoing Complaint and knows the contents thereof; that the same is true to the knowledge of deponent except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

Douglas M Johnson

Sworn to before me this
6th day of April, 1975.

David E Sonn
Notary Public

DAVID E. SONN
NOTARY PUBLIC, State of N.Y. Monroe County
My Commission Expires March 30, 19 76

Exhibit I Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT I TO COMPLAINT

Exhibit I Attached to Complaint.

CONDITIONS FACING BEE

1. Bee Chemical Company has traditionally been a technology/service oriented company specializing in coatings for plastics. Until the past 5 years, a major thrust of the company has been R & D and, in fact, production activities of the company only barely exceeded development activities.

2. Within recent years, these years of investment in R & D have led to successful products and market development opportunities that have resulted in a sales growth rate for BEE in excess of 40 percent per year.

3. The natural exploitation of this work through to the maximum potential markets has led BEE from the position of primarily a coatings manufacturer into the printing and total product identification field.

4. BEE's manufacturing, technical, and people skill resources (in the non-coating area) could soon become a limiting factor in maintaining the growth rate and expanding market dominance of the company.

4/1/74

Exhibit I Attached to Complaint.

CONDITIONS FACING S.T.S.

1. S.T.S. has a substantial position in a mature industry where meaningful growth for the company can only come by increased penetration of a price-sensitive market, which would probably be obtained at lower margins.

2. S.T.S. is facing major capital expenditures in the near future to offset lack of capital investment over the past 5 years. Proper utilization of this available capital is critical. It is questionable whether the best return on investment can be achieved by merely modernizing existing capabilities.

3. S.T.S. has acquired facilities, personnel, and market penetration over many years which are assets that can probably be better utilized in the future -- assuming a partial redirection of the company's total resources so as to generate better growth and profit, net of the inflation factor.

4. To achieve the best result, it would appear S.T.S. should consider, as a primary alternative, a merger with another substantial business enterprise to provide the company with new business horizons, diversification, and a revitalized sense of purpose, rather than embarking on the expensive and unproductive path of expanding in highly competitive and marginal markets dominated by larger companies with substantially greater resources.

4/1/74

Exhibit I Attached to Complaint.

RATIONALE FOR MERGER

1. S.T.S. has the substantial manufacturing capability, trained staff, and traditional graphics technology which would complement BEE's coating and film technology and provide virtually unlimited production capacity for serving important newer and high-growth markets.

2. BEE's research and market development work has identified dynamically growing markets which the combined companies would be able to enter with a capability equal to or greater than those of the anticipated major competition in these fields. This would appear to be a preferred alternative to heavy capital investment by S.T.S. directed primarily to further develop their current price-sensitive markets.

3. BEE, as a dynamically growing leader in its industries, has attracted a number of outstanding young managers who "sensing a winner" have joined the company not only to satisfy their own high "drive" characteristics but to enjoy the excitement attendant to the development of an emerging growth company.

   It would seem that the management skills of both companies could be best utilized and challenged by the opportunities afforded in this type of merger where, through the combined companies, the resources will be provided to extend their considerable talents into expanded markets and products.

4. Combining the companies would provide a "critical mass" which would enable the new company to become a leader in any of the newer fields it chose to enter against current major competitors.

5. The combination of BEE's historic industrial orientation and S.T.S.'s consumer industry background would provide the company with a market and product breadth which would be much less susceptible to economic downturns than for either company alone, and yet would provide a greater ability to respond to economic growth and new opportunities than could either company alone.

4/1/74

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY

2700 East 170th Street
Lansing, Illinois 60438

MARCH 1974

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY

EARLY HISTORY

BEE CHEMICAL COMPANY was chartered as an Illinois corporation in October 1945 with a capitalization of $21,000 by Dr. Johan Bjorksten as an adjunct to the Bjorksten Research Laboratories (a professional research organization, now located in Madison, Wisconsin).

In 1946, M. A. Self and C. F. Roney established a laboratory in Columbia, Missouri, where Roney engaged in research and development of chemicals for use in the blueprinting industry.

In December of 1947, it was decided to combine the activities of BEE CHEMICAL COMPANY and those of Self and Roney, with Self taking over as President of BEE CHEMICAL COMPANY. BEE CHEMICAL COMPANY's annual turnover in 1947 was approximately $100,000, and consisted of cutting oils and grinding fluids, some custom packaged cleaning fluids for a leading watch manufacturer, and the custom manufacture and packaging of a coating designed to serve as a wax substitute. The staff consisted of two production workers, a clerk, and Self.

Also, late in 1947, an exclusive license was granted by Nash-Kelvinator Corporation (now American Motors) to BEE to manufacture and market a new, clear coating to make polystyrene plastic resistant to gasoline.

Following market studies, it was concluded by Self to concentrate BEE's limited funds and staff on the field of coatings for use on plastics and to discontinue the other lines because of their comparatively limited growth and profit potential and/or high capital requirements. While these studies indicated there was only a limited market for the clear coating developed for Nash, these studies did reveal there was a small but growing need for pigmented and colored coatings for use in painting polystyrene and other plastics in the appliance, automotive, sign, and other markets in which plastics were beginning to find an important place.

When Mr. Roney received his Master's Degree in Chemistry from the University of Missouri and joined BEE in the spring of 1948, the primary effort of the company was concentrated on adapting the Nash-Kelvinator clear coating to a colored coating system for painting plastics. From this point, the Company concentrated on becoming the leading specialty company in the field of paints and lacquers for use in decorating and painting of plastics.

Exhibit I Attached to Complaint.

OVERVIEW

The company experienced steady growth, reaching a turnover of approximately $1 million annually by 1960, approximately $6 million by calendar year 1970, and approximately $20 million by calendar year 1973. Volume is expected to reach approximately $30 million in calendar year 1974. In spite of the company's relatively small size by 1960 the company had developed a worldwide reputation in the field of coatings for use on plastics and the related field of vacuum metallizing coatings for use on plastics (a process which provides plastics with a bright, reflective silver or gold appearance). In more recent years, the company has also become an important factor in the field of hot stamping foils, machinery to apply stamping foils, quality metallized plastic film, typewriter correction paper, MICR encoding ribbons, and pigment dispersions. In addition, the company has a growing position in the fields of plastic and aluminum film laminating, various clear and printed pressure-sensitive adhesive-coated plastic film used to manufacture nameplates, permanent labels, etc.

Operations have remained profitable following modest losses during the first couple of years after Self took over the active management of the company. Essentially all financing has been handled through retained earnings and borrowing.

Bjorksten continued as an inactive shareholder from 1947 to 1956, at which time Self purchased his remaining interest.

LOCATIONS AND OPERATIONS

BEE CHEMICAL COMPANY (Lansing, Illinois)

The Chicago-area headquarters -- offices, laboratory, and plant operation -- were relocated from the south side of Chicago to Lansing, Illinois, in 1961, on a 15-acre tract of land in an industrial area in Lansing, and BEE currently occupies approximately 120,000 square feet of buildings at the Lansing site. Most of the land is still available for future expansion.

In 1968, BEE leased an 8,000 square foot building on 21,000 square feet of property in Troy, Michigan (a suburb of Detroit), to establish a laboratory and sales facility as an extension of the Lansing operations to better serve the important automotive market.

Coatings, stamping foils, and pigment dispersions are manufactured at the Lansing plant. Sales in the current year are projected at approximately $15.0 million.

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY - Coated Film Division
(Union City and Fairfield, New Jersey)

This division operates in two facilities in New Jersey. The Union City facility is 60,000 square feet and the Fairfield (Business Products) facility is 30,000 square feet. Stamping foils and machinery are manufactured at the Union City plant; and various office products, laminates, and metallized film are produced at the Fairfield plant. Sales in the current year are projected at approximately $9 million.

BEE CHEMICAL COMPANY (Gardena, California)

A plant to manufacture coatings was established in Gardena in 1963. This plant enjoys a turnover of approximately $2.0 million, consisting of paint and pigment dispersions, and operates as a separate profit center under a General Manager. In addition, this division sells hot stamp foils produced at other BEE locations. The operation is housed in a building with approximately 25,000 square feet situated on approximately 50,000 square feet of land.

AMERI-CAL CORPORATION (Medina, Ohio)

BEE CHEMICAL COMPANY has agreed in principle to acquire Ameri-Cal Corporation, a small, high-quality manufacturer of pressure-sensitive printable films used in the graphic arts industry.

Ameri-Cal's line of products includes printed polyester, acetate, and vinyl films; overlaminating polyester films for protecting nameplates and decorative markings; gold and silver metallized polyester films for embossing and printing; transparent films for two-way signs and labels; and special pressure-sensitive products, such as "Glitter-Stix" multicolor aluminum flaked films, woodgrain films and anti-skid safety material for architectural use.

The addition of Ameri-Cal takes BEE into the dynamically growing, pressure-sensitive film market in which BEE can incorporate much of its traditional coatings and plastic film technology.

Under the previous arrangement, sales during the current year were expected to be slightly under $1.0 million; however, BEE's in-place, worldwide marketing structure is expected to provide a dramatically expanded market for Ameri-Cal's products.

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY (U.K.) LTD. (London, England)

BEE CHEMICAL COMPANY (U.K.) LTD. was established in 1964. BEE (U.K.) began with a small laboratory and marketing staff and arranged to have their coatings custom made by a local paint manufacturer. In October 1965, BEE (U.K.) established its own manufacturing operations in a leased plant. In 1972, the coatings business of B.C.L. (which was jointly owned by Cargill of the U.S. and Blagdens of England) was purchased, and the BEE and B.C.L. coatings operations were joined in the former B.C.L. plant (which was included in the acquisition) at Lower Sydenham in London. Combining the operations permitted establishing a greater depth and specialization in the BEE (U.K.) management, which is serving to accelerate the growth and expansion at BEE (U.K.) and, in turn, is enabling the operation to more effectively supply both the English and Continental markets. Sales for the current year are projected at $2.5 million, consisting primarily of locally manufactured paint and imported stamping foil.

BEE (U.K.) is a wholly owned subsidiary of BEE CHEMICAL COMPANY and currently operates as a separate profit center in a 28,000 square foot building on a 1.45 acre site. The company is under contract to sell this property, and tentative plans have been made to relocate the plant in a 40,000 square foot building on a 3 acre site near Manchester, England, where numerous benefits are available.

NIPPON BEE CHEMICAL CO., LTD. (Osaka, Japan)

In February 1971, BEE CHEMICAL COMPANY established a 50-50 joint subsidiary with Nippon Paint Co., Ltd., the second largest paint manufacturer in Japan, under the name of NIPPON BEE CHEMICAL CO., LTD., which has the exclusive rights to manufacture and market coatings for use on plastics in Japan and throughout much of the Far East. All plastic coatings technology from BEE CHEMICAL COMPANY and/or Nippon Paint Company is supplied to NIPPON BEE CHEMICAL CO., LTD., and any and all technical or marketing information available to NIPPON BEE is available exclusively to BEE and its other operations throughout the world. This joint venture company is in its fourth year of operations.

BEE CHEMICAL COMPANY receives a royalty on all NBC sales. The fact that such a large and leading paint manufacturer as Nippon Paint would make this type long-term joint venture with BEE provides some indication of the respect with which BEE's technology and overall capability is regarded.

The operation lost money during its first year, made a very small profit during its second year, and made up all prior losses and a very satisfactory return on sales and the investment during the third year, as was originally anticipated. Manufacturing for the joint venture company is handled by Nippon Paint Company on a toll basis. There are plans for NBC to establish their own manufacturing plant when the volume reaches the level so this would be economical. The turnover during the current year is expected to be $1.5 million.

NIPPON BEE has already succeeded in establishing a fair market position in Japan, Taiwan, and Hong Kong, and is currently in the process of expanding its activities to Singapore and other Far Eastern locations. This company is now capably staffed with well-trained technical and marketing groups.

AMERICAN SUPPLY CORPORATION

BEE CHEMICAL COMPANY is under contract to acquire a 66-2/3 percent interest in American Supply Corporation, a group of five European marketing organizations with warehouse and sales operations in France, Italy, Germany, Belgium, and Sweden. The legal formalities are expected to be completed by not later than June 1, 1974.

American Supply specializes in marketing stamping foils, application machinery, and liquid coatings to the plastics and graphic arts industries of Europe through 12 full-time salesmen. This acquisition provides BEE a strong marketing arm on the Continent around which to build an expanding position in Europe. The combined sales of the American Supply companies during the current year are projected to be in excess of $2.0 million.

MAJOR PRODUCT LINES AND MARKETS

LIQUID COATINGS

Most of the company's business in coatings is in the form of pigmented paints for use on plastics. In view of the great many types of plastics, their susceptibility to attack by solvents, and the great variety of applications in which plastics are used, a greater technical knowledge and skill is required in the development of these coatings than is true for some of the more common industrial finishes for metal, wood, etc.

Included in BEE's line of coatings are clear finishes for use in conjunction with vacuum metallization. This product line can be successfully supplied only by those who do rather extensive R & D and who have vacuum metallizing equipment for development and control evaluations. Also, these

products can be successfully marketed only by supplying a goodly amount of technical assistance and service to the customer, which requires an experienced technical service staff knowledgeable in this field.

Sales of coatings for the current year are expected to be approximately $14.0 million, with over 90 percent being for use in painting of plastic and/or for use in conjunction with vacuum metallization of plastics.

It is estimated that BEE's current coatings business is divided by market approximately as follows:

Automotive	35%
Appliance (including TV and radio, air conditioners, etc.)	25
Furniture	5-10
Building products	5-10
Other	20-30

BEE has traditionally concentrated on those markets which demand high quality and in which there are rigid specifications for performance. Therefore, BEE has gained a good reputation and the necessary experience to supply quality coatings for use on plastics on both the interiors and exteriors of automobiles, exterior plastic shutters (in the building products field), high-abrasion and alcohol-resistant products for use on TV cabinets. Additionally, BEE has developed the ability to provide products with the desired esthetic characteristics to meet continually changing designer requirements.

Over 90 percent of BEE's coatings products are sold through its own sales force, with qualified agents being used in selected areas where staffing by direct sales personnel is not justified.

BEE has approximately 800 coatings customers in the United States. These include captive plants in the automotive, appliance, clock, sign, and other markets, as well as custom molders and finishers serving these end users. Due to the size and financial strength of the customers, credit losses have been minimal.

UNIVERSAL COLOR DISPERSIONS

In 1971, the company introduced a unique line of pigment dispersions compatible with essentially all non-aqueous industrial finish vehicles. BEE originally developed the Universal Color Dispersions to simplify its own manufacturing operations.

Exhibit I Attached to Complaint.

A special division and sales agents were established to market these dispersions to other coatings manufacturers and users of pigment dispersions. Sales during 1973 amounted to approximately $700,000. Sales during the current year are expected to exceed $1.5 million. This product line has been exceptionally well received, and the sales growth rate has been primarily controlled by the limited availability of pigments.

A new dispersion system is being added, a new Aqua Line, which has wide compatibility in aqueous industrial finishes. This new product line holds special interest at this time in that it eliminates technical difficulties in pigmenting high-quality water coating systems for industrial applications.

HOT STAMP FOIL AND
STAMPING FOIL MACHINERY

In late 1971, it was determined that BEE CHEMICAL COMPANY would enter the new and rapidly growing field of hot stamp foils. Hot stamp foil is manufactured by using a thin plastic film (polyester or cellophane) which is coated by one of several methods. Customers who purchase hot stamp foil transfer the coatings from the plastic film carrier to the plastic, paper, or other surface by use of a hot roller and/or a stamping die. Hot stamp foils essentially provide an alternate method of painting or coating plastics, paper, leather, and other surfaces.

Hot stamp foils are supplied in straight pigmented colors, brights (clear coatings between which is sandwiched vacuum metallized aluminum giving the appearance of bright silver, gold or chrome), and/or special designs (such as simulated woodgrain appearances). A typical application for a woodgrain hot stamp foil is on plastic TV cabinets where a sandwich of up to seven coats (which have been applied to a plastic film carrier by use of a multi-head gravure printing press) is then transferred from the plastic film carrier to a TV cabinet by heat and pressure. In such an instance, hot stamp foils greatly simplify the user's coating operations by eliminating the need to apply the coatings singly. BEE's ability to manufacture woodgrain hot stamp foils on multi-head gravure equipment in register, so as to provide high-quality printing and fine detail, makes possible a much improved appearance over what is possible otherwise. Hot stamp foils also eliminate pollution problems for the customer in that organic solvents are eliminated for the user.

A 5-year-old study by a leading plastic film supplier indicated the hot stamp foil market was expected to grow at 25 percent compounded annually. Our own studies indicate this was a conservative estimate.

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY had an unusually strong position for entering this market in that the customers (including large automotive manufacturers, appliance manufacturers, and plastic molders and decorators) were existing customers for BEE CHEMICAL COMPANY coating products. Second, BEE had the in-depth coating technology for the high-specification coatings desired by these outlets. Thus, to manufacture foil, BEE installed coating, printing, and continuous vacuum metallizing equipment to apply the coatings to the plastic film carrier in a new $1 million plant in Lansing in 1972.

In April 1973, the Roll Leaf Division of Howmet Corporation was acquired and became the Coated Film Division of BEE CHEMICAL COMPANY. The Howmet acquisition provided BEE with established products and markets in the hot stamp foil field in excess of $3 million in annual turnover. By virtue of BEE's superior coating technology position, the Howmet products have in a number of instances been upgraded.

Howmet's marketing strengths and products served to complement those of BEE in the hot stamp foil field in that Howmet was strongest on the East Coast, in the export market and in the U.S. distributor market, while BEE was strongest in the Midwest and West with a strong, direct sales force in the automotive and appliance markets. Total stamping foil sales for the current year are projected at $9-10 million.

Further, the Howmet acquisition provided BEE with a line of well-designed application equipment. Howmet's turnover in this line was approximately $800,000 per annum. This was a highly desirable addition in that all other leading manufacturers of hot stamp foil also manufacture and supply application equipment. Howmet had a small but capable engineering staff which became the nucleus for expanding and improving the equipment line. Sales of machinery for the current year are projected at $1.3 million.

BUSINESS PRODUCTS AND
OTHER MISCELLANEOUS PRODUCTS

The Fairfield operation, also acquired from Howmet, provided BEE with important diversification in a related line in that this facility offers a number of well-received products in the office products field. These consist of coated plastic film or paper, which are used employing the cold, rather than the hot, transfer method. The growth potential in this market appears excellent and BEE's coating technology is being used to good advantage to expand and improve upon the product lines in this part of the business. This product line consists of typewriter correction products, magnetic encoding ribbons, composing ribbons, and metallized film for office copiers. Also, a small volume of plastic film and aluminum foil

is coated, laminated, and slit for sale as electrical cable wrapping. The volume at Fairfield is approximately $2.5 million.

Assuming the Ameri-Cal acquisition is completed as expected, an additional $1 million in turnover will be added with this line of adhesive products.

TECHNICAL

From the beginning, BEE established the plan to have a strong R & D and technical service competence in that it was involved in the new field of plastic coatings in which knowledge was very limited. This established for BEE an early reputation of having an unusual capability to solve customer problems and to innovate new ideas, which in turn served to open new market possibilities. Out of a total BEE staff of 600 (excluding our joint venture company in Japan), approximately 70 employees are engaged in the technical, product development, and technical service sides of the business.

MARKET POSITION

The market for plastics is growing more rapidly than the general economy. C & E News reported plastics had a growth of 19.7 percent during the year 1973. While detailed studies have not been made, it is the judgment of BEE CHEMICAL COMPANY's marketing staff that the market for coatings for plastics and hot stamp foils for use on plastics is growing more rapidly than the market for plastics because the new and expanded uses for plastics increasingly involve the use of coatings and/or foils for either decorative or functional purposes in the automotive, furniture, building products, etc. fields. For example, sales at BEE (Lansing) expanded in excess of 53 percent during the fiscal year ending January 31, 1974, as a result of growth of the total market, increased market penetration, and expansion of the product line. Due to BEE's combined emphasis on technical competence and a strong direct sales and marketing program, it is anticipated BEE will further increase its market share of coatings, hot stamp foil, and other products during the coming year.

While no reliable information as to the total market for plastic coatings is available, BEE estimates it currently holds 20 percent of the total market in the United States, and substantially lesser amounts in other important world markets in which BEE is currently in the process of establishing strong positions. Our share of the hot stamp foil market is approximately 10 percent.

Exhibit I Attached to Complaint.

MANAGEMENT

M. A. SELF has served as President of BEE CHEMICAL COMPANY from 1947 to the present.
Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943.
Prior to joining BEE, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development.
He is 52 years old.

ARTHUR S. HECKER has served as Vice Chairman of the Board of BEE CHEMICAL COMPANY since April 1973.
Mr. Hecker attended University School in Cleveland, Ohio, and Babson Institute of Business Administration in Wellesley, Massachusetts.
His employment history includes 22 years with A. W. Hecker Company, a manufacturer of aircraft sub-assemblies. He served as President from 1958 until 1971.
Mr. Hecker also spent one year with Merrill Lynch, Pierce, Fenner & Smith; and is a Director of Pioneer Mutual Funds in Boston, Massachusetts.
He is 46 years old.

ROGER F. HRUBY, Executive Vice President, has been with BEE CHEMICAL COMPANY ten years and has operating responsibility for the U.S. operations.
Mr. Hruby received a B.S. degree in Chemistry from North Central College in 1958, and an M.B.A. from the University of Chicago in 1972.
Prior to rejoining BEE, he worked with Michigan Chrome & Chemical for one year as Sales Manager. His employment history also includes four years as President and chief executive officer for Plastron Corporation, as well as Chairman and chief executive officer of Litho Glass Inc.
He is 39 years old.

JAMES C. EDWARDS, Corporate Vice President of Finance, has been with BEE CHEMICAL COMPANY for eight years.
Mr. Edwards received a B.B.A. degree from the University of Cincinnati in 1955, majoring in Finance.
Mr. Edwards has served BEE as Corporate Controller; Vice President, Operations of the Central Division; and recently as Vice President and General Manager of the Western Division.
Prior to joining BEE, he had 11 years' experience with Arthur Andersen & Co., serving as Manager of Small Business Division in their Cincinnati office.
He is 43 years old.

SEBASTIAN J. DOLCE, General Manager of the Coated Film Division in New Jersey, joined BEE CHEMICAL COMPANY in April 1973.
Mr. Dolce graduated with a B.S. degree in Mechanical Engineering from Pratt Institute of Technology.
Prior to joining BEE, Mr. Dolce had served as Director of Operations of the Roll Leaf Division of Howmet Corporation. He has also served as Executive Vice President and General Manager of Lewis Engineering Co. and President of Mecca Machinery Co.
He is 51 years old.

GEORGE D. LUTZ has been with BEE CHEMICAL COMPANY for two years and is General Manager of Western Division in Gardena, California.
Mr. Lutz's educational background includes a Bachelor of Chemical Engineering degree from Villanova University (received in 1963), two semesters of law courses at Temple University, and one semester M.B.A. courses at Temple University.
Prior to joining BEE, he had three years' experience with Atlantic Refining as a Development Engineer. He also had four years with General Electric as Manager, Market Development.
He is 33 years old.

RICHARD E. JARZOMBEK, Director of Coatings Research & Development, has been with BEE CHEMICAL COMPANY for 22 years.
Mr. Jarzombek received a B.S. in Chemical Engineering from Purdue University in 1951.
He is 44 years old.

CHARLES F. RONEY has been with BEE CHEMICAL COMPANY for 26 years, and his current position is Manager, Research & Development -- Foil Div.
Mr. Roney has a B.S. in Chemical Engineering, which he received from Missouri University in 1945, and an M.S. in Organic Chemistry from Missouri University, which he received in 1948.
Prior to joining BEE, he worked at Sharples Chemicals for two years as a chemist.
He is 56 years old.

DAVID G. FRITZINGER has been with BEE CHEMICAL COMPANY for 5-1/2 years, and his current position is Manager of the Automotive Division.
Mr. Fritzinger received a B.S. degree from Indiana State in 1960. He has 30 hours of graduate work in Chemistry.
Prior to joining BEE, he worked at Sherwin Williams for 4-1/2 years as Group Supervisor for Automotive Development. His employment history also includes four years of teaching math and chemistry at the high school and junior college level.
He is 35 years old.

JOHN V. SYNOL joined BEE CHEMICAL COMPANY in 1974 and is Director of Opera' ons at Lansing, Illinois.
Mr. Synol's educational background includes a B.S. degree in Chemical Engineering from Newark College of Engineering.
Prior to joining BEE, Mr. Synol was with Inmot Corporation for 14 years, serving in various capacities including Design and Process Engineering, Plant Engineer, Plant Superintendent, Plants Manager for North Carolina and New Jersey facilities, and National Accounts Manager.
He is 32 years old.

DR. ROBERT ROZETT, Manager of Engineering and Planning at Lansing, Illinois, joined BEE CHEMICAL COMPANY in 1974.
Prior to joining BEE, Dr. Rozett served for seven years as Technical Director of Celanese Coatings Company. He has also served as Technical Supervisor for Allied Chemical Co. and Merck & Co.
Dr. Rozett received his B.S. and M.S. degrees in Chemical Engineering from Columbia University, and received his Ph.D. in Chemistry from North Carolina State University, where he also served as a Professor of Chemical Engineering.
He is 45 years old.

RALPH F. RIEDEL joined BEE CHEMICAL COMPANY in 1974 as Special Projects Manager, Foil Division. Mr. Riedel came to BEE from Dri-Print Foils, Inc., where he had served as Vice President and General Sales Manager. He has also served as Marketing Manager for MSL Plastics Division of MSL Industries and handled technical sales for Rohm & Haas Co.
Mr. Riedel received his B.A. in Chemistry from American International College.
He is 43 years old.

M. K. DAVIES, Managing Director, BEE CHEMICAL COMPANY (U.K.) LTD.
Mr. Davies joined BEE (U.K.) in 1972 as Sales Manager after serving as Sales Manager of B.C.L. Coatings, Ltd. Mr. Davies has also served as Manager of the London Branch of Coolag, Ltd., a subsidiary of Shell Oil Co.
He is 34 years old.

DAVID W. MENDEZ, Director of Operations, BEE CHEMICAL COMPANY (U.K.) LTD. Prior to joining BEE (U.K.) in 1972, Mr. Mendez was Chief Chemist for B.C.L. Coatings, Ltd. His employment history includes serving as Production Manager for B.J.N. Paint Co. (Ltd.) and as a chemist for the Ministry of Defence.
He is 38 years old.

Exhibit II Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT II TO COMPLAINT

Exhibit II Attached to Complaint.

PROXY FOR THE ANNUAL MEETING ON APRIL 17, 1974 39,000 shs

KNOW ALL MEN BY THESE PRESENTS: #01

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a). For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By _____
AUTHORIZED SIGNATURE

Dated April , 1974

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF STECHER–TRAUNG–SCHMIDT CORPORATION

STECHER–TRAUNG–SCHMIDT CORPORATION

PROXY FOR THE ANNUAL MEETING ON APRIL 17, 1974 #02

KNOW ALL MEN BY THESE PRESENTS: 7200 shares

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a) For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By _____
(AUTHORIZED SIGNATURE)

Dated April , 1974

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF STECHER–TRAUNG–SCHMIDT CORPORATION

ORGINALS in VAULT (1ST FL.)

Exhibit III Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT III TO COMPLAINT

Exhibit III Attached to Complaint.

BEE CHEMICAL COMPANY
FINANCIAL ANALYSIS

JUNE 1974

Exhibit III Attached to Complaint.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PRODUCT LINES	2
FUTURE MARKET TRENDS	5
PLANT LOCATIONS	6
PERSONNEL	11
FINANCIAL POSITION	12
SUMMARY	16
EXHIBITS	
- Management Personnel	A
- Consolidated Statement of Income	B
- Consolidated Assets	C
- Consolidated Liabilities and Stockholders' Equities	D
- Consolidated Statement of Changes in Financial Position and Working Capital	E
- Breakdown of Sales by Division	F
- Selected Financial Data and Ratios	G
- Projected Forecasts of Income	H

Exhibit III Attached to Complaint.

Introduction

Bee Chemical Company was chartered in 1946 as an Illinois corporation by Dr. Johan Bjorksten as an adjunct to the Bjorksten Research Laboratories, a professional research organization located in Madison, Wisconsin. In that same year, M.A. Self and C.F. Roney engaged in the research and development of chemicals for use in the blueprinting industry.

Late in 1947, the two activities were merged and M.A. Self became the President of Bee Chemical. At this time the company produced cutting and machining oils and was also a custom manufacturer and packager of a coating designed to serve as a wax substitute.

The marketing direction of the company changed late in 1947 when an exclusive license was granted by Nash-Kelvenator Corporation (now American Motors) to manufacture and market a new clear coating, which provided a gasoline-resistant covering when applied to polystyrene plastic. From this time on management decided to direct all of its funds and staff to coatings for use on plastics and discontinue all other product lines. The company concentrated on becoming the leading specialty company in the field of paints and lacquer for use in decorating and painting of plastics. Over the past 25 years, the Company has become a leading factor in the plastic coating industry. The Company now has over 600 customers for the coating products and over 700 customers for non-coating products that have been developed or acquired in recent years.

New product development, tight quality control, and persistent sales engineering have been the important factors in Bee's success in serving the rapidly changing plastics industry. Coating applications have been multiplying even faster than the plastic industry which, in turn, has enjoyed an above average industry growth rate.

The total industrial coatings sector of the paint industry has

been growing over the past 15 years at an annual rate of 3.7% for gallonage and 5.8% for dollar sales. Industry economists are expecting that during the 1970's gallonage will grow at a 4.0% rate and sales at 6.0%. However, coatings for plastics should grow at least half again as fast or 6.0% and 9.0% for gallonage and dollar sales respectively.

Research and development has always been paramount at Bee. Over the last five years the Company has spent more than a million and a half dollars in research and development with over $400,000 spent in the last fiscal year.

Product Lines

Coating for plastics - According to industry sources that we interviewed, Bee is one of the two recognized leaders in this specialized field. Bee's coatings are sold to the following markets:

Automotive	35%
Appliance and general industrial	40%
Miscellaneous plastics	25%
	100%

In all of these markets the number of different applications are multiplying every year. Less than 10% of Bee's coatings are applied to non-plastic surfaces.

The average price per gallon of Bee coatings is $5.78 which is substantially ahead of the overall industrial coating average of around $3.25 per gallon. The reason for the large spread is that Bee's product is normally developed to solve a customer's specific coating problem which entails the support of Bee's technical service laboratories. Therefore, Bee's sales are done on a job order basis and command a higher unit price.

Bee's current market share is estimated to be 10%. This market penetration is forecasted by management to increase to the level of 12% to 15% during the next couple of years as a result of a larger sales force,

the penetration into new territories and a superior product position. Bee also foresees an increase in sales because of the ever increasing use of plastics in new applications. For example, the furniture industry is replacing wood with plastics which require new and specialized coatings. Another market that is expanding at a fast pace is coatings for the textile industry and Bee plans to enter this market in the near future.

Universal Color Dispersion (UCD) - This product is newly developed by Bee and is a derivative of the basic coatings business. As a marketing tool, the Company has always promised fast delivery and being a job order ship, the company needed a way to have in stock pre-dispersed pigment. UCD meets this need by dispersing pigment ahead of time in a meduim that is compatible with nearly all end-use resin systems. Now when an order is received, the proper color UCD is simply added to the particular resin without going through a pigment formulation process that can consume 1 to 2 days of ball mill time.

This "pre-production" pigment system is also attractive to large paint companies as a means of reducing inventory of small volume colors and in gaining better equipment utilization. Smaller paint companies that can appreciate the cost and time savings potential will add to the market potential for UCD. The major market will be manufacturers of industrial coatings rather than makers of "trade sales" paint for the retail and contractor markets.

Sales of Bee's UCD products are on a growth curve that is doubling each year and would be even higher if sufficient raw materials were available. Volume is expected to go from $700,000 in fiscal 1974 to $1,750,000 in fiscal 1975. In fiscal 1976, sales will be assisted by the new plant in England which will begin to manufacture UCD. About 50% of last year's sales was used in-house and 50% was sold to other coatings manufacturers. Since a large part of the domestic sales of UCD are sold to Bee's competitors, the

Company believes that a separate distribution channel is appropriate. Presently, the product is being sold by manufacturer's representatives under the direction of a product manager at Bee who reports to the Executive-Vice President rather than to the Sales Manager.

Hot Stamp Tape - At the end of 1971, Bee entered the new and rapidly growing field of hot stamp tape (often called hot stamp foil, roll leaf, or coated film). Hot stamp foil is manufactured by using a thin plastic film (polyester or cellophane) which is coated. Users of the tape transfer the coating from the plastic film carrier to the plastic, paper, or other surface by use of a hot roller and/or stamping die. The tape essentially provides an alternate method of painting or coating.

The foils are supplied in pigmented colors, brights (clear coatings between which is sandwiched vacuum metallized aluminum to give the appearance of bright silver, gold or chrome), and patterns (such as simulated woodgrain which can be used on TV cabinets, clocks, radios, etc.) Foils simplify the user's coating operations by eliminating the need to apply the coatings singly and to wait for drying time. This coating method has the additional advantage of transferring the pollution problems from the user's factory to Bee's facility where it can be dealt with on a single source basis.

Bee had been buying substantial quantities of tape from the Japanese but now purchasing is limited to some "brights" since in-house capability has been attained. For the most part, the tape made at Lansing meets a high specification level which appeals to big volume users such as automotive and appliance manufacturers. Bee has invested heavily in the development of high-quality tape production over the last two years and should now begin to reap the reward of these efforts. The savings due to in-house production vs. purchases from Japan is approximately 40% of cost. The tape produced at Union City enjoys a broader market and a longer list of customers but for the most part does not meet the same high specifications as Lansing's tape. Both are

similar in appearance but are produced for a different market.

Bee estimates its share of the tape market was about 10% in 1973 and expects to strengthen its position to 15% by fiscal 1976. This optimism is predicated upon the following factors:

- Improved productivity and product quality at Union City
- Improved product quality at Lansing
- Increased marketing overseas.

Market growth has been very strong and is forecasted by a major supplier of plastic film to increase more than 25% annually during the next few years.

In conjunction with hot stamp sales, Bee manufactures and assembles a broad line of machinery for the stamping application. These machines range in price from $1,500 to $20,000. Bee plans to invest more funds in this area in order to become a stronger competitor.

Although there are several other companies that also produce this machinery, there are only a limited number of other producers of both film and machinery. Bee believes this ability to offer "the razor as well as the blade" provides a marketing edge over many of its rivals. Furthermore, Bee should maintain this edge since the start-up cost of entering the machinery business is high enough to discourage "tape only" competitors.

Business products - In 1973, the company diversified into the area of business products such as typewriter correction products, magnetic encoding ribbons for checks and credit cards, composing ribbons, and metallized film for office copiers. These products are presently being made for companies such as Burroughs and NCR. In the future, the company may decide to market these items under the Bee label but presently marketing and promotion costs have delayed such a move.

Future Market Trends

From a macro-economic point of view there are some trends that will benefit all of Bee's products:

- Environmental control at customer factories makes hot stamp tape

more attractive than traditional coatings since the solvent disposition problem is eliminated. In effect, hot stamp tape producers such as Bee deal with the pollution problem at their plants and the customer receives a "clean process" material for application to his products.

- Energy conservation will dictate greater usage of higher weight materials such as plastics due to considerations of energy consumed in manufacturing the product components and in transporting the finished products. In effect, "frozen petroleum" in the form of recyclable plastic will gain on other materials that use more petroleum on a non-recoverable basis.

- Automotive safety and lower cost of repair requires more plastic in such areas as bumper fillers and flexible front ends. There is reason to believe that more exterior parts will go plastic for corrosion resistance so cars will be kept longer by original owners and thereby reduce the need for new raw materials. Interior usage could increase as more passive restraint systems are introduced for safety reasons.

- Maturity of plastics as a material that is no longer a "cheap substitute". This maturation of plastics as a quality material in it's own right has been aided by the producers of super-quality coatings and hot stamp tape who, in turn, benefit from the expanded volume of higher-priced applications.

The net effect of all these "big picture" trends will be more synthetic materials for Bee to coat with paint or hot stamp products.

Plant Locations

Geographically, Bee has expanded its manufacturing coverage nationally and internationally to match its marketing patterns. Operations are now performed at five locations in the United States: Lansing, Illinois;

Troy, Michigan; Gardena, California; Union City, New Jersey; and Fairfield, New Jersey. Overseas locations include London, England and Osaka, Japan.

Lansing, Illinois - The corporate headquarters as well as the Central Division management are located at Lansing which is 20 miles southeast of Chicago. The plant consists of 120,000 square feet in three single-story buildings. Office, laboratory, manufacturing and warehousing facilities are all relatively new (1961 or later) with substantial additional space being completed in the past two years. The lease rental is $105,000 paid to an associated company.

This plant manufactures coatings, UCD, and hot stamp tape. Extensive testing equipment is on hand for quality control, sales engineering, and research.

Warehousing is primarily confined to raw materials inventory with the finished goods inventory consisting mainly of products ordered for release over a 90-day period. This order release program is a customer service and the savings from volume batching are shared with the customer. Containers and drums are always stored in highway trailers to avoid occupying plant space and double handling.

The older warehouse building is in the process of being converted into a manufacturing facility for UCD which will increase capacity by 200% to 300% of current volume. With this separation of UCD and coatings production into two different buildings, about 25% more coatings capacity will be available. This move will also eliminate the current exposure of clear coatings to air-borne pigment contamination as a result of being made in the same space as the UCD.

Hot stamp tape manufacturing is centered in the newest building

and present capacity can be expanded by 150% with the addition of around $200,000 worth of equipment. A considerable amount of expansion can occur at Lansing without adding new floor space. Moreover, there is additional land available if and when more space must be built.

Troy, Michigan - This 8,000 square foot facility was established to serve the automotive industry with a specialized sales staff and laboratories. This facility is an extension of the Lansing operation. Lease rentals are $14,000 per year.

Gardena, California - Offices, manufacturing and warehousing are located in a 25,000 square foot plant. This facility constitutes the Western Division which manufactures its own coatings and UCD but acts as a distributor of hot stamp tape. The annual lease rental is $30,000.

Eastern Division - During April, 1973, the Company purchased from Howmet Corporation certain operating assets located at Union City and Fairfield, New Jersey. The purchase price was $1,600,000 consisting of $627,000 for machinery and equipment and $973,000 for inventory. The acquisition was accounted for as a purchase so the results of operations are included in the consolidated financial statements from the date of acquisition. The Union City location is now the Coated Film Division of Bee and the Fairfield is the Business Products Division.

Union City, New Jersey - This acquisition provides Bee with a broader line of established coated film products and markets. These products compliment the generally higher specification tapes which are produced at Lansing. In addition, Union City augments Bee's sales force on the East Coast. And finally, the acquisition gives Bee a line of application equipment to be used with the hot stamp tape. Offices, laboratories, manufacturing, and warehousing are housed in an old multi-story building in the center of Union City. This facility has 60,000 square feet at an annual rent of $60,000 until April 1976.

Exhibit III Attached to Complaint.

The middle section of the first floor (around 20,000 square feet not included in the above 60,000) of the Union City complex is leased to the Siebert Trucking Company which makes a poor building layout even worse. Moreover, the city is contemplating acquisition of this property for use as a parking garage since this is an extremely high density neighborhood and parking is sorely needed for the nearby shopping area. The city might use condemnation harassment over pollution to force this issue. On the other hand, the city would lose a large number of jobs for unskilled workers so this issue may not be seriously joined for a long time. Relocation of Union City operations to Fairfield is currently not entirely feasible because of the natural gas shortage which has led to restrictions on new plants that have a high rate of gas usage such as Bee where gas is used in the drying process for the hot stamp tape manufacturing.

Fairfield, New Jersey - This facility produces all of the office products. The plant itself has 31,300 square feet located on 6 acres with an annual lease of $36,000. Bee holds an option for the purchase of this property at an extremely favorable purchase price of $450,000. There is a large amount of unused or under utilized space which would permit doubling or tripling of output without adding more square footage.

The new manager at Fairfield has solved the probiem of excessive returns of M[illegible]R tape and is making significant productivity gains through in-house machinery design and re-design. There is also better inventory control and marketing support. The whole workforce seems to be "turned on" to really produce. The second shift now in use could be expanded and capacity would double with a minimal addition of equipment. A new sales manager and technical man are being added to expand the sales of business products.

Exhibit III Attached to Complaint.

There are opportunities for substantial economies at Union City and increased productivity at Fairfield. Ben Dolce, the General Manager and his staff seem very capable and well motivated to realize these opportunities.

Bee Chemical Company (U.K.) Ltd., (London, England) - This wholly-owned subsidiary, was established in 1964. Bee (U.K.) began with a small laboratory and marketing staff and arranged to have their coatings custom made by a local paint manufacturer. In October 1965, Bee (U.K.) established its own manufacturing operations in a leased plant. In 1972, the coatings business of B.C.L. (which was jointly owned by Cargill of the U.S. and Blagdens of England) was purchased. Bee and B.C.L. coatings operations were joined in the former B.C.L. plant (which was included in the acquisition) at Lower Sydenham in London. Combining the operations permitted establishing a greater depth and specialization in the Bee (U.K.) management. This is serving to accelerate the growth and expansion at Bee (U.K.) and, in turn, is enabling the operation to more effectively supply markets in both the United Kingdon and the continental countries.

Sales consist primarily of locally manufactured coatings and imported stamping foil but UCD will be manufactured next year when operations are moved from the London area to Manchester. The Manchester plant is available now and Bee plans to complete the move by December 1974.

Nippon Bee Chemical Co., Ltd., (Osaka, Japan) - In early 1971, Bee Chemical Company established a 50-50 joint subsidiary with Nippon Paint Company, Ltd., the second largest paint manufacturer in Japan, under the name of Nippon Bee Chemical Co., Ltd. which has the exclusive rights to manufacture and market coatings for use on plastics in Japan and throughout much of the Far East. All plastic coatings technology from Bee Chemical Company and Nippon Paint Company is supplied to Nippon Bee, and any and all technical or marketing information available to Nippon Bee is available

exclusively to Bee and its other operations throughout the world. This joint venture company is in its fourth year of operations. Bee Chemical Company receives a royalty on all Nippon Bee sales.

Personnel

Management has been strengthened in recent years by the addition of several key executives and middle management people. Profiles of these people are shown in Exhibit A . One of the key attributes of the top management group at Bee is their appreciation of sales problems. Each individual in this group appears to have an understanding of why it is so important to deal effectively with these problems on a day to day basis. Another strength is that the man leading each functional area appears to be more than capable of fulfilling his responsibilities at the current sales volume and even at twice the present volume.

The pattern for middle management has been to hire experienced people since rapid growth has precluded having enough eligible people on hand who are ready for promotion. However, several college graduates have been hired in the last few years and, so far, all of them have remained with the Company.

The total number of employees has increased from 176 in 1970 to 517 as of January, 1974. Employees by division are as follows.

Division	1974	1970
Central	227	122
Western	36	24
United Kingdom	53	30
Eastern	201	--
	517	176

Even with this increase in employment, the percent of direct labor to sales has remained fairly stable at the 8% level.

Exhibit III Attached to Complaint.

The Eastern Division employees are represented by the Textile Workers Union of America, AFL-CIO, CLC, Local 2052. The present contract was effective on February 1, 1974 and expires January 31, 1976. The contract called for across the board rate increase of 34¢ an hour on February 1, 1974 and 33¢ an hour on February 1, 1975. This represented a 7 to 12% increase. In addition the company shall contribute to the Participating Employer of the Textile Workers Pension Fund, National Plan Sub-Fund 14¢ per hour conpensated and 18¢ after February 1, 1975.

All other locations are non-union. No representation elections have been held at any of the other locations but the United Chemical Workers have been trying to organize Lansing. Employee relations are considered good as a result of generally paying more than the local wage scales for comparable work. Since there is no Personnel Manager, each Division General Manager handles labor relations.

Financial Position

Income statements, balance sheets and changes in financial position for the fiscal years ended January 31, 1970 through 1974 are shown in Exhibits B, C, D, E . An analysis of these figures reveals several significant trends:

- Total company sales have more than tripled from $6.2 million in fiscal 1970 to $19.5 million in fiscal 1974. Cost of goods sold as a percent of sales has gone from 60.5% to 68.3% and operating expenses as a percent of sales has declined from 33.4% to 24.3%. As a percent of sales, income has expanded from 6.0% to 7.3%. After non-operating expenses and income taxes, net profit increased by 270% from $178,000 in 1970 to $660,000 last year. But as a percent of sales after tax profit went from 2.9% to 3.4%. After adjusting for the gain on the sale of the property in England the profit margins have remained constant. But detailed analysis shows

that profit margins for coatings have increased because of the increased volume. Also there is higher profit margins in the new product area of UCD and Eastern Division's hot stamp tape and business products. To offset these gains, the Central Division incurred more than $300,000 worth of costs in connection with "debugging" the hot stamp tape operation. These costs should be cut in half this year and may be negligible by fiscal 1976. Profits last year were also held back by perhaps $175,000 due to lags in price increases behind cost increases. This is now being corrected on a relatively aggressive basis.

- Sales by division and by product line are shown in Exhibit F for the last five years. The fastest growth has been in hot stamp film and universal color dispersion. These two areas are expected to continue providing the most exciting expansion during the next few years although business products could become a big growth contender. New productive facilities are being expanded at a faster rate in these two product lines than in other lines. Marketing plans call for increased personnel and more distribution outlets to exploit the opportunities in these fields.

- Manufacturing labor and overhead as a percent of sales at the Central Division was reduced from 17.8% to 14.0% during the past five years as a result of the hot stamp and UCD product lines being less labor intensive and carrying a larger gross profit margin.

- The net profit after tax return on net worth has fluctuated from a low of 4.1% in 1971 to a high of 26.8% in 1974.

- The sales per dollar of total assets has declined from $3.00 in 1970 to $1.90 in 1974 due to foil being more capital intensive than paint. (See Exhibit G for additional financial data and ratios.)

Exhibit III Attached to Complaint.

- Net profit after tax as a percentage of total assets has increased from 0.9% in 1970 to 6.3% in 1974.

- Total accounts receivables in relation to daily sales have increased from 54 days in 1970 to a level of around 66 days in 1972, 1973, and 1974.

- Inventory turnover has declined steadily from 14.4 times per year in 1970 to 5.3 times in 1974. This results from the larger finished goods inventories needed to serve the large customers of UCD and hot stamp tape. Another major factor is the increase of raw material inventory in order to avoid shortages and interruption of production. Finally the parts inventory for the hot stamp machinery had to be increased to meet production demands. Even with the large increase in inventory, obsolescence is minimal. UCD can always be used in-house to formulate Bee's own coatings. The coatings finished goods consist entirely of goods ordered for later release by the customer. Finally the hot stamp tape can be used by numerous customers in a multitude of applications.

- The current ratio has shown a steady decline from 3.0 in 1970 to 1.0 in 1974. This was primarily a result of the short-term secured debt of $4.0 million arranged in 1974 to provide working capital to support increased sales which resulted in larger receivables and inventories. Accounts payable were also used to generate working capital by increasing payables from $0.1 million in 1970 to $2.2 million in 1974.

- The acid test ratio of cash and receivables to current liabilities has declined from 2.0 in 1970 to 0.5 in 1974 due again to the large short term debt. Cash only increased from $5,000 to $67,000 during this period.

Exhibit III Attached to Complaint.

- Fixed assets have increased from $1.2 million in 1970 to $3.1 million in 1974 due to the acquisition of the Eastern Division from Howmet and the expansion at the Central Division. In fiscal 1974 the property in England purchased at a cost of $335,000, was sold at a gain of $123,000. In fiscal 1976, the operations in England will be at Manchester. This will entail some start up and moving cost but the magnitude is not know at this time.
- Net worth has grown from $1.3 million in 1970 to $2.5 million in 1974.

Exhibit III Attached to Complaint.

Summary

The future outlook for this company is exceptionally bright according to every measure:

- A management group capable of handling successfully a sales volume at least twice the current $25 million level,
- A marketing posture that permits above-average pricing flexibility because most of the products in the Bee line enjoy one or both of these characteristics: a high degree of problem-solving application service and a fast growing number of new applications,
- A new product development position that is well past the prototype stage in several areas as a result of good people and a relatively large R & D budget,
- A fixed asset capacity that can produce 50% to 200% more physical volume in the various product categories,
- An improving profit margin as the recent explosive growth of volume is being digested and start-up costs on new products is being reduced,
- And opportunities for new applications for products and new products that are limited only by the availability of time and money.

A highly favorable prospect for Bee is also supported by the 72% average annual growth in sales during the last two years (including an acquisition) along with a 125% average yearly growth in earnings during the same period of fiscal January 1972 through January 1974.

Management's forecast of income (see exhibit H) shows an increase in sales of 30% and a 67% increase in after-tax earnings, for fiscal 1975. We have analyzed this projection for 1975 and feel that this is an

attainable goal. Their increases are substantial when viewed in the light of our projected declines for part of this period for the automotive and appliance industries which are important consumers of many Bee products. Also, we have not assumed any external growth through acquisition whereas this growth route played an extremely large role during the past year.

Every company has some problems and Bee is no exception. Light cash and working capital positions as well as the need for additional financing are the principal short term problems. Longer range, the company will be faced with the problem of expanding its marketing systems here and abroad and the necessity of moving its Union City plant to a new location. Alternative solutions to all these problems are available to Bee and steps are being taken to solve each of them.

In conclusion, Bee should be able to generate sales growth, exclusive of acquisitions, for several years at a rate substantially above the national economy in both up and down phases of the economic cycle. New products and markets are providing greater cyclical stability for the company's sales. At the same time, profit margins should widen due to the leveraging effect of several new products which will expand sales beyond break-even points for these products. The company has been profitable every year for the last two decades and is now positioned to enjoy increased profitability for years to come.

Exhibit III Attached to Complaint.

Exhibit A

BEE CHEMICAL COMPANY
MANAGEMENT PERSONNEL

M. A. Self has served as President of Bee Chemical Company from 1947 to the present.
Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943.
Prior to joining Bee, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development.
He is 52 years old.

Arthur S. Hecker has served as Vice Chairman of the Board of Bee Chemical Company since April 1973.
Mr. Hecker attended University School in Cleveland, Ohio and Babson Institute of Business Administration in Wellesley, Massachusetts.
His employment history includes 22 years with A.W. Hecker Company, a manufacturer of aircraft sub-assemblies. He served as President from 1958 until 1971.
Mr. Hecker also spent one year with Merrill, Lynch, Pierce, Fenner & Smith; and is a Director of Pioneer Mutual Funds in Boston, Massachusetts.
He is 46 years old.

Roger F. Hruby, Executive Vice President, has been with Bee Chemical Company ten years and has operating responsibility for the U.S. operations.
Mr. Hruby received a B.S. degree in Chemistry from North Central College in 1958, and an M.B.A. from the University of Chicago in 1972.
Prior to rejoining Bee, he worked with Michigan Chrome and Chemical for one year as Sales Manager. His employment history also includes four years as President and chief executive officer for Plastron Corporation, as well as Chairman and chief executive officer of Litho Glass, Inc.
He is 39 years old.

James C. Edwards, Corporate Vice President of Finance, has been with Bee Chemical Company for eight years.
Mr. Edwards received a B.B.A. degree from the University of Cincinnati in 1955, majoring in Finance.
Mr. Edwards has served Bee as Corporate Controller; Vice President, Operations of the Central Division; and recently as Vice President and General Manager of the Western Division.
Prior to joining Bee, he had 11 years' experience with Arthur Andersen & Co., serving as Manager of Small Business Division in their Cincinnati office.
He is 43 years old.

Sebastian J. Dolce, General Manager of the Coated Film Division in New Jersey, joined Bee Chemical Company in April 1973.
Mr. Dolce graduated with a B.S. degree in Mechanical Engineering from Pratt Institute of Technology.
Prior to joining Bee, Mr. Dolce had served as Director of Operations of the Roll Leaf Division of Howmet Corporation. He has also served as Executive Vice President and General Manager of Lewis Engineering Company and President of Mecca Machinery Company.
He is 51 years old.

George D. Lutz has been with Bee Chemical Company for two years and is General Manager of Western Division in Gardena, California. Mr. Lutz's educational background includes a Bachelor of Chemical Engineering degree from Villanova University (received in 1963,) two semesters of law courses at Temple Universtiy, and one semester M.B.A. courses at Temple University. Prior to joining Bee he had three years' experience with Atlantic Refining as a Development Engineer. He also had four years with General Electric as Manager, Market Development.
He is 33 years old.

Richard E. Jarzombek, Director of Coatings Research and Development, has been with Bee Chemical Company for 22 years.
Mr. Jarzombek received a B.S. in Chemical Engineering from Purdue University in 1951.
He is 44 years old.

John V. Synol joined Bee Chemical Company in 1974 and is a Director of Operations at Lansing, Illinois.
Mr. Synol's educational background includes a B.S. degree in Chemical Engineering from Neward College of Engineering.
Prior to joining Bee, Mr. Synol was with Inmot Corporation for 14 years, serving in various capacities including Design and Process Engineering, Plant Engineer, Plant Superintendent, Plants Manager for North Carolina and New Jersey facilities, and National Accounts Manager.
He is 32 years old.

Kermit W. Windelblech has been with Bee Chemical Company for two years.
His current position is Sales Manager.
Mr. Windelblech received a B.S. in Chemical Engineering from Penn State University in 1958.
Prior to coming to Bee, he worked with E.I. DuPont for a period of 12 years. Experience was gained in research, sales, new product development, and marketing.
He is 37 years old.

Charles F. Roney has been with Bee Chemical Company for 26 years, and his current position is Manager, Research & Development - Foil Division.
Mr. Roney has a B.S. in Chemical Engineering, which he received from Miss[illegible] University in 1945, and an M.S. in Organic Chemistry from Missouri [illegible]rsity, which he received in 1948.
Pr[illegible] to joining Bee, he worked at Sharples Chemicals for two years as a chemist.
He is 56 years old.

Davis G. Fritzinger has been with Bee Chemical Company for 5-1/2 years, and his current position is Manager of the Automotive Division.
Mr. Fritzinger received a B.S. degree from Indiana State in 1960. He has 30 hours of graduate work in Chemistry.
Prior to joining Bee, he worked at Sherwin Williams for 4-1/2 years as Group Supervisor for Automotive Development. His employment history also includes four years of teaching math and chemistry at the high school and junior college level.
He is 35 years old.

Dr. Robert Rozett, Manager of Engineering and Planning at Lansing, Illinois, joined Bee Chemical Company in 1974.
Prior to joining Bee, Dr. Rozett served for seven years as Technical Director of Celanese Coatings Company. He has also served as Technical Supervisor for Allied Chemical Company and Merck and Company.
Dr. Rozett received his B.S. and M.S. degrees in Chemical Engineering from Columbia University, and received his PhD. in Chemistry from North Carolina State University, where he also served as a Professor of Chemical Engineering.
He is 45 years old.

Ralph F. Riedel joined Bee Chemical Company in 1974 as Special Products Manager, Foil Division. Mr. Riedel came to Bee from Dri-Point Foils, Inc., where he had served as Vice President and General Sales Manager. He also has served as Marketing Manager for MSL Plastics Division of MSL Industries and handled technical sales for Rohm & Haas Co.
Mr. Riedel received his B.A. in Chemistry from American International College.
He is 43 years old.

M.K. Davies, Managing Director, Bee Chemical Company (U.K.) Ltd.
Mr. Davies joined Bee (U.K.) in 1972 as Sales Manager after serving as Sales Manager of B.C.L. Coatings, Ltd. Mr. Davies has also served as Manager of the London Branch of Coolag, Ltd., a subsidiary of Shell Oil Company. He is 34 years old.

David W. Mendez, Director of Operations, Bee Chemical Company (U.K.) Ltd.
Prior to joining Bee (U.K.) in 1972, Mr. Mendez was Chief Chemist for B.C.L. Coatings, Ltd. His employment history includes serving as Production Manager for B.J.N. Paint Company (Ltd.) and as a chemist for the Ministry of Defense.
He is 38 years old.

Exhibit 1if Attached to Complaint.

Exhibit B

BEE CHEMICAL COMPANY

CONSOLIDATED STATEMENT OF INCOME

For Years Ended January 31 (in thousands)

	1974	1973	1972	1971	1970
Net sales	$ 19,454	$ 9,753	$ 6,736	$ 5,854	$ 6,150
Cost of goods sold	13,290	6,066	3,995	3,589	3,721
Gross profit on sales	6,164	3,687	2,741	2,265	2,429
Operating expenses	4,743	3,079	2,465	2,165	2,057
Income from operations	1,421	608	276	100	372
Other income (expense)					
Interest, net	(358)	(85)	-	-	-
Gain on disposition of land and building	123	-	-	-	-
Sundry, net	18	(33)	-	-	-
Total other (expense), net	(217)	(118)	-	-	-
Income before provision for income taxes and interest in income of unconsolidated subsidiary	1,204	490	276	100	372
Provision for income taxes	581	226	130	43	194
Income before interest in income of unconsolidated subsidiary	623	264	146	57	178
Interest in income of unconsolidated subsidiary	37	1	(15)	-	-
Net income	$ 660	$ 265	$ 131	$ 57	$ 178

Exhibit III Attached to Complaint.

Exhibit C

BEE CHEMICAL COMPANY

CONSOLIDATED ASSETS

For Years Ended January 31 (in thousands)

Assets	1974	1973	1972	1971	1970
Cash	$ 66	$ 5	$ 119	$ 62	$ 48
Receivables-Trade net	3,488	1,821	1,253	963	919
Associated company	180	26	-	-	-
Other	70	71	-	-	-
Inventories, at lower of first in, first-out or market	3,614	1,141	587	476	426
Prepaid expenses	103	47	21	37	31
Total current assets	7,521	3,111	1,980	1,538	1,424
Land	-	196	-	-	-
Buildings	-	139	-	-	-
Machinery and equipment	2,370	1,776	970	844	769
Office furniture and equipment	184	150	135	135	133
Automobiles and trucks	15	15	15	15	14
Leasehold improvements	526	384	285	276	264
Total property and equipment	3,095	2,660	1,405	1,270	1,180
Less: Accumulated depreciation and amortization	1,147	895	781	678	570
Total property and equipment, net	1,948	1,765	624	592	610
Long-term receivable	547	-	-	-	-
Investments	399	36	35	50	-
Total long-term receivable and investments	946	36	35	50	-
TOTAL ASSETS	$ 10,415	$ 4,912	$ 2,639	$ 2,180	$ 2,034

BEE CHEMICAL COMPANY

CONSOLIDATED LIABILITIES AND STOCKHOLDERS' EQUITY

For Years Ended January 31 (in thousands)

LIABILITIES	1974	1973	1972	1971	1970
Current maturities of long-term debt	$ 106	$ 89	$ -	$ 70	$ 70
Notes payable	-	1,022	353	165	-
Notes and advances payable under secured financing agreement (1)	4,024	-	-	-	-
Accounts payable	2,212	957	382	223	151
Accrued expenses	639	246	140	110	172
Income taxes	408	164	130	52	80
Total current liabilities	7,389	2,478	1,005	620	473
Deferred income taxes	100	53	51	44	44
Long-term debt	464	579	46	137	208
Total liabilities	7,953	3,110	1,102	801	725
STOCKHOLDERS' EQUITY					
Common stock	22	22	22	21	21
Additional paid-in capital	57	57	57	31	18
Retained earnings:					
Balances beginning of year	1,723	1,458	1,327	1,270	1,092
Net income for the year	660	265	131	57	178
Balance, end of year	2,383	1,723	1,458	1,327	1,270
Total stockholders' equity	2,462	1,802	1,537	1,379	1,309
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,415	$ 4,912	$ 2,639	$ 2,180	$ 2,034

(1) Agreement with First National Bank of Chicago with a maximum loan limit of $5,000,000 if supported by eligible collateral (accounts receivable, inventories and equipment). Interest rate 2% above prime rate on 60% and 6¼% above the daily dealer thirty-day commercial paper rate (up to a maximum of 14%) on the remaining 40%.

BEE CHEMICAL COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For Years Ended January 31 (in thousands)

	1974	1973	1972	1971	1970
Working capital was obtained from:					
Operations:					
Net income for the year	$ 660	$ 265	$ 131	$ 57	$ 177
Add (deduct) - Items not providing working capital nor requiring a current outlay					
Provision for depreciation and amortization	282	129	112	112	106
Provision for deferred income taxes	47	2	7	1	5
Interest in income of unconsolidated subsidiary	(37)	(1)	-	-	-
Gain on disposition of land and buildings	(123)	-	-	-	-
Equity in net loss of unconsolidated subsidiary	-	-	15		-
Total from operations	829	395	265	170	288
Additional long-term borrowing	-	622	-	-	-
Sales of property and equipment	404	12	26	-	-
Proceeds from sale of common stock	-	-	7	12	-
Total working capital provided	1,233	1,029	298	182	288
Working capital was used for:					
Purchase of property and equipment	627	-	-	-	-
Acquisition of a segment of a business	242	1,281	151	94	154
Other	115	89	90	70	70
Payment of long-term debt	424	-	-	-	-
Long-term receivables	326	-	-	-	-
Investments	-	-	-	50	-
Investment 50% owned subsidiary					
Total working capital used	1,734	1,370	241	214	224
Resulting in an increase (decrease) in working capital	$ (501)	$ (341)	$ 57	$ (32)	$ 64

67

Exhibit III Attached to Complaint.

Exhibit E

BEE CHEMICAL COMPANY

CHANGES IN WORKING CAPITAL

For Years Ended January 31 (in thousands)

	1974	1973	197	1971	1970
Increase (decrease) in current assets:					
Cash	61	(114)	57	14	(65)
Receivables	1,819	665	285	44	58
Inventories	2,473	554	111	49	10
Prepaid expenses	56	26	(16)	6	10
Treasury bills, at cost	-	-	-	-	(199)
(Increase) decrease in current liabilities:					
Current maturities of long-term debt and notes payable to bank	1,006	(759)	(118)	(165)	-
Notes and advances payable under secured financing agreement	(4,024)	-	-	-	-
Accounts Payable	(1,255)	(575)	(159)	(71)	69
Accrued expenses	(393)	(105)	(30)	63	(20)
Income taxes	(244)	(33)	(77)	28	201
Total increase (decrease) in working capital	$ (501)	$ (341)	$ 57	$ (32)	$ 64

Exhibit III Attached to Complaint.

Exhibit F

BEE CHEMICAL COMPANY

BREAKDOWN OF SALES AND INCOME BY DIVISION

For years ended January 31 (in thousands)

	1974	1973	1972	1971	1970
Central Division sales					
Coatings	$ 8,321	$ 6,270	$ 4,652	$ 4,156	$ 4,712
Hot stamp tape	1,565	649	31	-	-
Universal color dispersion	740	269	112	13	-
TOTAL	10,626	7,188	4,795	4,169	4,712
Western Division sales					
Coatings	1,550	1,429	1,525	1,215	1,011
Hot stamp tape	251	-	-	-	-
TOTAL	1,801	1,429	1,525	1,215	1,011
Eastern Division sales					
Business products and machinery	1,719	-	-	-	-
Hot stamp tape	3,789	-	-	-	-
TOTAL	5,508				
United Kingdom Division sales	1,519	1,136	416	470	427
TOTAL SALES	$ 19,454	$ 9,753	$ 6,736	$ 5,854	$ 6,150
Income before FIT					
Central	$ 376	$ 550	$ 280	$ 82	$ 350
Western	55	18	(44)	(11)	2
Eastern	668	-	-	-	-
United Kingdom	142	(78)	26	29	20
	$1,241	$ 490	$ 262	$ 100	$ 372

Exhibit III Attached to Complaint. Exhibit G

BEE CHEMICAL COMPANY

SELECTED FINANCIAL DATA AND RATIOS

For years ended January 31

	1974	1973	1972	1971	1970
After tax income as a percent of sales	3.4	2.7	1.9	1.0	2.9
Receivables related to average daily sales (days)	66.0	67.0	67.0	59.0	54.0
Inventory turnover (times)	5.3	8.5	11.5	12.3	14.4
Ratio of total liabilities to net worth	3.2	1.7	0.7	0.6	0.6
Return on net worth	26.8	14.7	8.5	4.1	13.6
Sales per dollar of working capital	147.10	15.40	6.90	6.40	6.50
Sales per dollar of fixed assets	10.00	6.80	10.80	10.00	10.10
Ratio of current assets to current liabilities	1.0	1.3	2.0	2.5	3.0
Sales per dollar of assets	1.90	2.00	2.60	2.70	3.00
Ratio of R & D expense per dollar of sales	2.1	3.9	2.9	3.8	4.9
Effective income tax rate	48%	37%	42%	41%	50%
Cost of good sold as a percent of sales	68.3	62.1	59.3	61.3	60.5
Operating expenses as a percent of sales	24.3	31.5	36.5	36.9	33.4
Ratio of total debt to net worth	1.9	.9	.3	.3	.2

BEE CHEMICAL COMPANY

PROJECTED FORECASTS OF INCOME

For years ended January 31 (in thousands)

	1974	1975	1976	1977	1978
Net Sales	$19,454	$25,500	$28,200	$31,700	$36,000
Cost of goods sold	13,290	17,500	19,200	21,600	24,500
Gross Profit	6,164	8,000	9,000	10,100	11,500
Operating expenses	4,743	5,410	6,110	6,830	7,680
Operating Income	1,421	2,590	2,890	3,270	3,820
Other Income/(Expense) (1)	(217)	(480)	(400)	(360)	(320)
Income before income taxes	1,204	2,110	2,490	2,910	3,500
Provision for income taxes	581	1,055	1,245	1,455	1,750
Income before interest in income of unconsolidated subsidiary	623	1,055	1,245	1,455	1,750
Interest in income of unconsolidated subsidiary	37	50	75	100	150
Net income for the year	$ 660	$ 1,105	$ 1,320	$ 1,555	$ 1,900

(1) Other Income/(Expense) for the year ended January 31, 1974 is comprised of the following items:

Interest, net	$ (358,000)
Gain on disposition of land & buildings	123,000
Sundry, net	18,000
	$ (217,000)

For the remaining years, the classification represents only the estimated interest expense.

Exhibit IV Attached ' Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT IV TO COMPLAINT

Exhibit IV Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Attention: Mr. M.A. Self, President

Gentlemen:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

While the Corporation's records do not indicate that you now own of record 5% or more of the Corporation's Common shares and no Schedule 13D as required under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") has been filed by you, the Corporation has been advised that you may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock or voting agreements. Accordingly, while we realize that the completion of the enclosure may be an inconvenience, we are soliciting your response to this questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is

Exhibit IV Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit IV Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Mr. M.A. Self, President
Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Dear Mr. Self:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

While the Corporation's records do not indicate that you now own of record 5% or more of the Corporation's Common shares and no Schedule 13D as required under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") has been filed by you, the Corporation has been advised that you may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock or voting agreements. Accordingly, while we realize that the completion of the enclosure may be an inconvenience, we are soliciting your response to this questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit IV Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Roulston & Company, Inc.
Investment Plaza
Cleveland, Ohio 44114

Gentlemen:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

The Corporation's records indicate that during the past year Roulston owned in excess of 5% of the Corporation's Common Stock. While the Corporation's records do not currently indicate that you own more than 5% of the Corporation's Common Stock, and while no Schedule 13D, as might be required under Section 13(d) of the Securities Exchange Act of 1934, has been filed by Roulston with the Corporation, the Corporation has been advised that Roulston alone or as an agent of or in combination with others may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock and/or voting agreements. You may be aware that the Securities and Exchange Commission has taken the position that for the purposes of attributing beneficial ownership under Section 13(d) a single investment advisor to diverse investment groups which purchase or sell shares of a Company registered under Section 12(g) in accordance with its investment advice may be deemed to be a group within the definition of Section 13(d)(3) of the Act. Accordingly, while we realize that the completion of the enclosure may be an inconvenience we are soliciting your response to the enclosed questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

Exhibit IV Attached to Complaint.

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit V Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT V TO COMPLAINT

Exhibit V Attached to Complaint.

ROULSTON & COMPANY, INC.
MEMBER NEW YORK STOCK EXCHANGE, INC

INVESTMENT PLAZA • CLEVELAND, OHIO 44114
TELEPHONE: 216-696-3070 • TELEX: 98-0102
CABLE ADDRESS: ROULSTONCO
LONDON • FRANKFURT • ZURICH

February 5, 1975

Mr. Stuart B. Meisenzahl
Wiser, Shaw, Freeman,
Van Graafeiland, Harter & Secrest
700 Midtown Tower
Rochester, New York 14604

Dear Mr. Meisenzahl:

In answer to your recent letter, this is to inform you that Roulston & Company, Inc. neither in their own name or any nominee either of record or beneficially owned 5% or more of the common stock of Stecher-Traung-Schmidt Corporation.

Sincerely,

Thomas H. Roulston

Thomas H. Roulston
President

THR:cg

Exhibit VI Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT VI TO COMPLAINT

Exhibit VI Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

February 19, 1975

COPY

Jack D. Beem, Esq.
Baker & McKenzie
Suite 700
Prudential Plaza
Chicago, Illinois 60601

Re: Bee Chemical Corporation, M.A. Self
Stecher-Traung-Schmidt Corporation

Dear Mr. Beem:

This letter will confirm our telephone conversation of February 7, 1975 at which time you advised me on behalf of your clients, Bee Chemical Corporation and M.A. Self, that they were not required to and would not respond to the questionnaire concerning beneficial ownership of shares of Stecher-Traung-Schmidt Corporation (the "Corporation") previously forwarded to them.

As indicated to you at that time, and in our original covering letters to your clients, our inquiry was based not upon the requirements of Regulation 14A respecting disclosure of 10% shareholders, but upon the disclosure requirement concerning possible changes in control. As we indicated to you, it is our position that facts constituting a change in control are defined in part, and are within the purview and intent of, the requirements of Section 13(d) of the 1934 Act. Accordingly, we have checked the Corporation's shareholder records for individual accounts holding approximately 5% of the Corporation's shares.

The Bee Chemical account and Mr. Self, President of Bee, were designated for a questionnaire because of the large holdings of Bee (4.85%) and certain statements made by Self to one or more of the Corporation's officers and directors indicating a desire to merge Bee with the Corporation to provide cash for Bee's operations. Statements have also been attributed to Mr. Self to the effect that he

Exhibit VI Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER — ROCHESTER, NEW YORK 14604

intended to elect himself as a director of the Corporation and initiate sweeping changes in its operation, including liquidation. We also have mailed copies of the same questionnaire to Roulston & Company, Inc. ("Roulston"), through whom and in whose name Bee originally purchased and held the shares, in order to ascertain whether Roulston and its clients, including Bee or Self, were involved with any "group" under Section 13(d)(3), particularly as that term has been further defined under the SEC's reply to Stewart Fund Managers Limited (CCH Fed. Sec. L. R. ¶80,047). We have been advised that Roulston has acted as a merger agent for Bee in the past and, on a current basis, prepared certain work sheets demonstrating the desirability of a combination of Bee and the Corporation. During the period in which such suggestions of merger were being made and while Mr. Self was making the statements summarized above, Roulston acquired over 7% of the outstanding shares, 4.85% of which were thereafter distributed to Bee.

COPY

While we do not necessarily disagree that your clients are not required to respond to the proxy questionnaire initiated by the Corporation, it is our position that fulfillment of the proxy disclosure requirements requires the Corporation's continued attention to this matter. We note only that the contention that your clients are not legally required to so respond must be based in part upon the legal conclusion that they are not now "control persons" as that term is used in the federal securities laws and, more particularly, as presented as a threshold consideration by Section 13(d) of the 1934 Act. We do not intend at this time to substitute our judgment for that of your clients as to whether a Form 13D should have been filed at some time in the past. However, the Corporation will continue to monitor the applicability of this requirement and, if it determines it proper or necessary to seek judicial relief. We take this opportunity to request again any information your clients might have which is germane to either the disclosure requirements of Regulation 14A or Section 13(d) of the 1934 Act.

It is our intent to copy both the Staff of the Commission and Roulston with this letter and our original covering letters to your clients. We will, of course, advise you of any additional developments or facts which we might ascertain.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By

Stuart B. Meisenzahl

SBM/se

cc: Roulston & Company, Inc.
Securities and Exchange Commission
Stecher-Traung-Schmidt Corporation

Exhibit VII Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT VII TO COMPLAINT

Exhibit VII Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

February 19, 1975

COPY

Securities and Exchange Commission
500 North Capitol Street, N. W.
Washington, D. C. 20549

Re: Stecher-Traung-Schmidt Corporation
Preliminary Proxy Materials

Gentlemen:

We enclose herewith on behalf of our client, the above-captioned Corporation, five "Preliminary Copies" of the form of Proxy and Proxy Statement, together with Notice of Annual Meeting and accompanying President's letter. We also enclose our firm check in the amount of $125 for the required filing fees.

The enclosed materials are substantially the same as those utilized at the last Annual Meeting of Shareholders except that:

1. The Notice of Annual Meeting sets forth a statement of certain amendments to the By-Laws pursuant to the requirements of New York law.

2. The proxy material covers an amendment to the By-Laws which must be approved by the shareholders - the classification of the Board of Directors.

3. There is an additional disclosure concerning a new employment agreement with the Company's President.

Other minor changes include the addition of one new director and changes in the factual data relating to director shareholdings. The matter covering approval of the selection of auditors has been updated to meet the requirements

Exhibit VII Attached to Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER - ROCHESTER, NEW YORK 14604

of Item 8 of Regulation 14A. For your convenience, two red-marked copies of this year's proxy material have been enclosed to point out significant changes.

Pursuant to the requirements of Regulation 14 concerning disclosure of possible changes in control of the Company, the Company has solicited information from Roulston and Company, Bee Chemical Corporatio and an individual M. A. Self, President of Bee Chemica Corporation. As indicated by the enclosed correspondence, the Company has been unable to determine, despite its efforts, whether or not one or more of these individuals or entities, or all of them in combination, own of record or beneficially in excess of 5% of the shares. The Company intends to continue its investigation of this matter to the extent possible and, if warranted, to commence action pursuant to the provisions of Section 13d of the Securities Exchange Act of 1934. At this time, however, the Company is not able to make any statement in its proxy materials concerning the interest of the above parties in the Company.

COPY

These materials are scheduled to be mailed on or about March 6, 1975. Due to the tight printing and mailing schedule we request you clear these materials by collect phone call to the undersigned or Diane Walker at (716) 232-6500.

Please receipt the enclosed tissue copy of this letter. For your convenience we have enclosed a stamped self-addressed envelope.

Should you have any questions, or if we can be of assistance, please do not hesitate to contact us.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enclosures

Order to Show Cause and Temporary Restraining Order.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

Defendants.

Filed-April 7, 1975

CIVIL ACTION NO. 75-131

ORDER TO SHOW CAUSE AND TEMPORARY RESTRAINING ORDER

This cause coming on for a hearing upon the application of the Plaintiff for an Order to Show Cause and for a Temporary Restraining Order and Preliminary Injunction as prayed for in the annexed motion papers, and It appearing from allegations and statements in the annexed motion papers and in the Verified Complaint incorporated by reference in said motion that a violation of the Securities Act of the United States has occurred, will continue and will cause immediate and irreparable injury, loss and damage to the Plaintiff, and that the Plaintiff is entitled to the relief requested unless good cause to the contrary be shown, it is hereby

ORDERED, that the Defendants ~~and each of them be and~~ appear before the Honorable Harold P. Burke, a judge of this Court, in the United States Court House, in Rochester, New York on the 14th day of April, 1975 at the hour of 10:00 o'clock, A.M. and then and there show cause, if any there be, why this Court should not issue a Preliminary Injunction restraining the Defendants and each of them, their agents, officers, associates,

affiliates, and all others conspiring or acting in concert with them or on their behalf from directly or indirectly:

(a) Voting in person or by proxy any shares of the Plaintiff now held of record or beneficially by any of the Defendants with respect to: (1) the election of directors, (2) any plan of merger, consolidation, or sale of assets and (3) any other scheme or plan to change or acquire control of the Plaintiff, which would allow any of them to direct Plaintiff's operations or formulate its policies,

(b) Soliciting from any of Plaintiff's shareholders any proxy, consent or authorization or support to vote the common stock of the Plaintiff, or from voting any proxy or authorization now held, with respect to: (1) the election of directors, (2) any plans of merger or consolidation or sale of assets, and (3) any other scheme or plan to change or acquire control of the Plaintiff which would allow any of the Defendants to direct the Plaintiff's operations or formulate its policies,

(c) Entering into agreements with any other shareholder of the Plaintiff to obtain control of the Plaintiff,

(d) Purchasing, acquiring or otherwise aggregating any additional shares of the Plaintiff whether in the open market, by tender, by private negotiation or in any other manner,

(e) Using or obtaining for any purpose any list of the Plaintiff's shareholders, or disclosing information in any list now held by the defendants or any of them to any other person, and

(f) Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of the Plaintiff in violation of the Securities Act and the rules and regulations promulgated thereunder.

AND IT IS FURTHER ORDERED, that pending a hearing on the Plaintiff's motion for a preliminary injunction, the Defendants and each of them, their agents, officers, associates, affiliates, and all others conspiring or acting in concert with them or on their behalf are hereby temporarily restrained until April 14, 1975, from directly or indirectly:

(a) Voting in person or by proxy any shares of the Plaintiff now held of record or beneficially by any of the Defendants with respect to: (1) the election of directors, (2) any plan of merger, consolidation, or sale of assets and (3) any other scheme or plan to change or acquire control of the Plaintiff, which would allow any of them to direct Plaintiff's operations or formulate its policies,

(b) Soliciting from any of Plaintiff's shareholders any proxy, consent or authorization or support to vote the common stock of the Plaintiff, or from voting any proxy or authorization now held, with respect to: (1) the election of directors, (2) any plans of merger or consolidation or sale of assets, and (3) any other scheme or plan to change or acquire control of the Plaintiff which would allow any of the Defendants to direct the Plaintiff's operations or formulate its policies,

(c) Entering into agreements with any other shareholder of the Plaintiff to obtain control of the Plaintiff,

(d) Purchasing, acquiring or otherwise aggregating any additional shares of the Plaintiff whether in the open market, by tender, by private negotiation or in any other manner,

(e) Using or obtaining for any purpose any list of the Plaintiff's shareholders, or disclosing information in any list now held by the defendants or any of them to any other person, and

(f) Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of the Plaintiff in violation of the Securities Act and the rules and regulations promulgated thereunder,

Order to Show Cause and Temporary Restraining Order.

AND IT IS FURTHER ORDERED, that the Plaintiff shall serve the Defendants in accordance with the provisions of Rule 4 of the Federal Rules of Civil Procedure and it is hereby permitted to utilize a process server other than a United States Marshall or his deputy,

AND IT IS FURTHER ORDERED, that copies of this Order and the Motion Paper be served upon the Defendants forthwith, together with copies of the Summons and Complaint, but inability to obtain such service promptly upon any of the Defendants shall not operate to stay or postpone such show cause hearing as to Defendants who are served with this Order prior to such hearing,

AND IT IS FURTHER ORDERED, that the Plaintiff shall forthwith post and file an undertaking in accordance with Rule 65(c) of the Federal Rules of Civil Procedure together with surety acceptable and approved by this Court in the sum of $ 5,000.00 .

Dated: april 7, 1975
Rochester, New York

Harold P. Burke /s/
Harold P. Burke, ~~District Judge~~
U.S.D.J.

Motion for Temporary Restraining Order
and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

CIVIL ACTION NO. 75-131
MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION

Defendants.

Upon the Verified Complaint herein and upon the attached Affidavits of George R. Williams, William B. Webber, Charles L. Thompson and William C. Warren all sworn to the 7th day of April 1975 and Douglas M. Johnson sworn to the 6th day of April, 1975, Plaintiff, by its attorneys, respectfully moves the Court for:

(1) A Preliminary Injunction restraining the Defendants and each of them, their agents, officers, associates, affiliates, and all others conspiring or acting in concert with them or on their behalf from directly or indirectly:

(a) Voting in person or by proxy any shares of the Plaintiff now held of record or beneficially by any of the Defendants with respect to: (1) the election of directors, (2) any plan of merger, consolidation, or sale of assets and (3) any other scheme or plan to change or acquire control of the Plaintiff, which would allow any of them to direct Plaintiff's operations or formulate its policies,

(b) Soliciting from any of Plaintiff's shareholders any proxy, consent or authorization or support to vote the common stock of the Plaintiff, or from voting any proxy or authorization now held, with respect to: (1) the election of directors, (2) any plans of merger or consolidation or sale of assets, and (3) any other scheme or plan to change or acquire

control of the Plaintiff which would allow any of the Defendants to direct the Plaintiff's operations or formulate its policies,

(c) Entering into agreements with any other shareholder of the Plaintiff to obtain control of the Plaintiff,

(d) Purchasing, acquiring or otherwise aggregating any additional shares of the Plaintiff whether in the open market, by tender, by private negotiation or in any other manner,

(e) Using or obtaining for any purpose any list of the Plaintiff's shareholders, or disclosing information in any list now held by the defendants or any of them to any other person, and

(f) Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of the Plaintiff in violation of the Securities Act and the rules and regulations promulgated thereunder

The Plaintiff requests that such preliminary injunction shall continue until and pending the final hearing and determination of this case. The ground on which the Plaintiff makes this motion is that immediate and irreparable injury, loss and damage will result to Plaintiff and its shareholders as alleged in the Plaintiff's verified complaint, unless preliminary relief is obtained pending final hearing and determination; and

(2) A Temporary Restraining Order restraining the Defendants and each of them from the activities specified in the preceding paragraph, pending the hearing upon the issuance of the preliminary injunction sought hereinbefore in this motion and the determination thereof. The grounds of this motion are that the Plaintiff and its shareholders will suffer immediate and irreparable injury,

loss and damage before notice can be given to the Defendant of the Plaintiff's motion for a preliminary injunction or their attorneys can be heard in opposition to this motion.

(3) An order permitting service on the Defendant pursuant to Rule 4 of the Federal Rules of Civil Procedure, by one other than a United States Marshall or his deputy.

(4) An order to show cause fixing the hearing date for the Plaintiff's motions and fixing the sum of the Plaintiff's security to be given pursuant to Federal Rule of Civil Procedure 65(C).

HARTER, SECREST & EMERY

By Kenneth A. Payment /s/
Member of the Firm

Attorneys for Plaintiff
Office and Post Office Address
700 Midtown Tower
Rochester, New York 14604
Telephone (716-232-6500)

Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff,	:	CIVIL ACTION NO. 75-131
VS.	:	
M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	:	AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

CHARLES L. THOMPSON, being duly sworn, deposes and says:

1. I reside at 684 Pittsford Mendon Road in the Town of Pittsford and I am Treasurer of Stecher-Traung-Schmidt Corporation ("STS"). I submit this Affidavit in support of the Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction.

2. In late August or early September of 1973 I received a telephone call from Mark Levy of Cleveland, Ohio who identified himself as an employee of Roulston & Company, Inc. Mr. Levy explained that he was interested in coming to Rochester as quickly as possible to meet with me and look STS over. He said he would take the next plane to Rochester and be in my office in a matter of hours if I was available. I explained I was not available and made arrangements for a later date. At this later meeting Mr. Levy described Roulston as an investment broker interested in special situations with the idea of positioning a few large clients. He indicated that Roulston was not active or interested

in brokerage business but primarily acted as investment counselors to some large clients.

3. On September 19, 1974 I along with other officers of STS met with Tom Roulston of Roulston & Company, Inc. Mr. Roulston also advised that he would like to look over STS as an investment vehicle for some pension plans, banks and other institutional investors. Roulston emphasized that his company was an investment advisor and not a trader.

4. At the Annual Meeting of Shareholders in April 1974, Mr. Roulston requested a list of STS's ten largest shareholders. At the request of Mr. Johnson, STS's President, I prepared such a list, a copy of which is attached hereto, and forwarded it to Mr. Roulston on April 29, 1974.

5. I have prepared from the transfer agent's records available to me, the attached list of the transfers into the names of Roulston & Company and Bee Chemical Company.

6. I have attached hereto a copy of the proxies cast by Roulston & Company at the Annual Meeting of Shareholders in April 1974. The originals of these proxies are in the STS vault.

7. I have attached hereto a copy of the letter sent by STS under my signature to each broker or known nominee account

in accordance with requirements of Regulation 14 of the Securities Exchange Act, together with a copy of the response of Raulston & Company to this request.

Charles L. Thompson
Charles L. Thompson

Sworn to before me this
7th day of April, 1975.

Diane G. Walker
Notary P ic

DIANE G. WALKER
NOTARY PUBLIC, State of N. Y. Monroe County
My Commission Expires March 30, 1976

Exhibit to the Affidavit of Charles L. Thompson.

April 29, 1974

Mr. Thomas H. Roulston
President
Roulston & Co., Inc.
Investment Plaza
Cleveland, Ohio 44114

Dear Tom:

In accordance with Doug Johnson's request, I am enclosing a list of our largest stockholders, and also, a copy of our 10-K for the year 1973.

In the event there should be any questions or if I can be of help in any way, please let me know.

Best personal regards.

Sincerely,

C. L. Thompson

cc: Mr. D. M. Johnson

EXHIBIT TO THE AFFIDAVIT OF CHARLES L. THOMPSON – See ¶ 4

Exhibit to the Affidavit of Charles L. Thompson.

LARGEST COMMON STOCKHOLDERS

Liva & Co. Lincoln Rochester	60,806
Crown Zellerbach	50,474
Roulston & Co. Inc.	46,238
Estate & Co. Lincoln Rochester	22,084
Seidco (L.A.)	18,900
Raymond & Co. Wells Fargo	18,900
Carol Abraham Lorenz Schmidt & Marie Early Trustees of Carl Richard Schmidt Trust	18,148
Turst & Co. Lincoln Rochester	16,566
Ferne Calbick	16,220
Dean Witter & Co.	15,388
Ben Weingart	10,762
Trulin & Co. Lincoln Rochester	10,600
Gales & Co. Security Trust	10,152
Leslie & Geraldine Jackson	10,000
Hans & Elsie Seidel	9,318

Exhibit to the Affidavit of Charles L. Thompson.

EXHIBIT TO THE AFFIDAVIT OF CHARLES L. THOMPSON — See ¶ 5.

- 1 of 4 -

STECHER-TRAUNG-SCHMIDT CORPORATION

274 N. Goodman St. • Rochester, N.Y. 14607

SCHEDULE OF PURCHASES BY ROULSTON AND COMPANY

Date	Name	Transf. To	Transf. From	Total
1973				
9/26	Mont and Company	300		
			Total for Month	300
10/3	Wego and Company	100		
10/5	Margaret Merrill	25		
10/5	Margaret Conway	25		
10/10	Court and Company	1,086		
10/15	Mont and Company	500		
10/18	Dean Witter and Company	200	Total for Month	1,936
			Cumulative Total	2,236
11/1	Daru and Company	200		
11/1	Robert A. Blume	100		
11/2	Brightco	500		
11/2	Lewis Bettman	100		
11/14	Bache and Company	100		
11/14	Rinice Phillips Cummings	233		
11/14	Alice McLean	500		
11/14	Frances Austin	100		
11/14	Henrietta Swanton	200		
11/14	Myrtle Kennedy	1,800		
11/14	Davis, Skaggs and Company, Inc.	400		
11/19	Henrietta Swanton	90		
11/19	Frances Austin	10		
11/19	Davis, Skaggs and Company, Inc.	2,500		
11/19	Nell Weihe	1,400		
			Total for Month	8,233
			Cumulative Total	10,469
12/5	Donald Andrews	200		
12/5	George Koenig	600		
12/5	Merrill Lynch Pierce Fenner and Smith	300		
12/5	Daru Company	300		
12/5	Donald Palermo	100		
12/5	Mont and Company	33		
12/5	Davis, Skaggs and Company, Inc.	67		
12/6	Mont and Company	100		
12/6	Ernest and Nancy Wuthmann	300		
12/6	Leo P. Blank	1,500		
12/11	Rudolph and Helen Schmitt	200		
12/12	Certless Computer	800		
12/12	Merrill Lynch Pierce Fenner and Smith	200		

Exhibit to the Affidavit of Charles L. Thompson.

Schedule of Purchases by Roulston and Company

Date	Name	Transf. To	Transf. From	Total
1973				
12/12	Compuco	100		
12/13	Compuco	100		
12/13	Merrill Lynch Pierce Fenner and Smith	33		
12/13	Othello and Louise Michetti	1,900		
12/13	George Davis	1,000		
12/13	Ralph Bowen	500		
12/13	White,Weld and Company	234		
12/13	Leo P. Blank	4,000		
12/13	Davis, Skaggs and Company, Inc.	827		
12/13	Frances Austin	20		
12/13	Henrietta Swanton	153		
12/27	Daru and Company	400		
12/27	Davis, Skaggs and Company, Inc.	95		
12/27	Lyle F. Harder	100		
12/27	John F. Teegardin, Jr.	100		
12/27	Dean Witter and Company, Inc.	200		
12/27	Max Wuthmann	400		
12/28	duPont Glore Forgan Inc.	100		
			Total for Month	14,962
			Cumulative Total	25,431
1974				
1/14	Davis, Skaggs and Company, Inc.	1,200		
1/14	Leslie and Geraldine Jackson	1,000		
1/14	George Davis	1,100		
1/15	Leslie and Geraldine Jackson	500		
1/15	Geraldine Jackson	2,300		
1/18	George W. Davis	19		
1/18	William E. Case	100		
1/18	Merrill Lynch Pierce Fenner and Smith	200		
1/22	Rudolph Stark	200		
1/29	Daru and Company	50		
1/29	Leonard B. Lockwood	50		
			Total for Month	6,719
			Cumulative Total	32,150
2/5	Max S. Wuthmann	200		
2/7	Ralph J. Wrenn	1,000		
2/7	Beatrice Lewin	200		
2/12	Leo P. Blank	7,200		
	5% of Outstanding Shares		Cumulative Total	40,750
2/12	Pacific and Company	100		
2/12	Davis, Skaggs and Company, Inc.	100		
2/12	Ralph J. Wrenn	3,000		
2/13	Leo P. Blank	100		
2/20	Davis, Skaggs and Company, Inc.	1,000		
2/20	Arthur Gauss	1,000		

Exhibit to the Affidavit of Charles L. Thompson.

Schedule of Purchases by Roulston and Company

Date	Name	Transf. To	Transf. From	Total
2/28	Martha Crowder	130		
2/28	Davis, Skaggs and Company, Inc.	30		
			Total for Month	14,060
			Cumulative Total	46,210
3/13	Kalb, Voorhis and Company	100		
3/19	Susanna French	78		
3/19	Shuman Agnew and Company	50		
3/19	Reynolds Sec. Inc.	100		
3/27	Compuco	300		
3/28	Alice McLean	100		
			Total for Month	728
			Cumulative Total	46,938
4/2	Lena Reegan	120		
4/4	Reynolds Sec. Inc.	225		
4/9	Davis, Skaggs and Company, Inc.	4,500		
4/15	Ernest Gantert	2,000		
4/15	Davis, Skaggs and Company, Inc.	300		
4/16	Davis, Skaggs and Company, Inc.	88		
4/16	John E. Finnegan	20		
4/17	Heinz B. Frankenstein	1,000		
4/18	Lulu Caskin	475		
4/25	Pacific and Company		25	
			Total for Month	8,703
			Cumulative Total	55,641
5/6	Kalb, Voorhis and Company	100		
5/14	Kalb, Voorhis and Company	159		
5/15	Daru and Company	300		
			Total for Month	559
			Cumulative Total	56,200
6/5	Max Wuthmann	400		
6/6	E. F. Hutton and Company	500		
6/7	Harris Upham and Company	306		
6/17	Merrill Lynch Pierce Fenner and Smith	100		
6/20	Merrill Lynch Pierce Fenner and Smith	700		
			Total for Month	2,006
			Cumulative Total	58,206
7/2	Kalb, Voorhis and Company	600		
7/2	Lorraine Lindecker	35		
7/9	Merrill Lynch Pierce Fenner and Smith	100		
7/11	E. F. Hutton and Company	100		

Exhibit to the Affidavit of Charles L. Thompson.

Schedule of Purchases by Roulston and Company

Date	Name	Transf. To	Transf. From	Total
7/16	Dean Witter and Company	364		
7/26	Daru and Company	400		
7/26	Raymond & Company	2,000		
7/31	Kalb, Voorhis and Company	813		
7/31	Hayden Stone, Inc.	400		
7/31	Dean Witter and Company, Inc.	200		
7/31	Tweedy, Browne and Knapp	59		
			Total for Month	5,071
			Cumulative Total	63,277
8/9	Daru and Company		100	
8/13	Bee Chemical Company		39,000	
8/27	Tweedy, Browne and Knapp		67	
			Total for Month	-39,167
			Cumulative Total	24,110
9/3	Merrill Lynch Pierce Fenner and Smith		10	
			Total for Month	-10
			Cumulative Total	24,100
1975				
1/8	Stephen B. Armstrong	300		
1/8	Philip L. Spears	100		
1/15	William Case	100		
1/22	Hornblower and Weeks	300		
1/28	Robert Van Gelder	100		
1/28	Pacific and Company	200		
			Total for Month	1,100
			Cumulative Total	25,200

Exhibit to the Affidavit of Charles L. Thompson.

PROXY FOR THE ANNUAL MEETING ON APRIL 17, 1974 39,000 shs

KNOW ALL MEN BY THESE PRESENTS: #01

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a) For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By Kathleen M Cullen

Dated April , 1974 ---------- AUTHORIZED SIGNATURE ----------

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF STECHER-TRAUNG-SCHMIDT CORPORATION

STECHER-TRAUNG-SCHMIDT CORPORATION

PROXY FOR THE ANNUAL MEETING ON APRIL 17, 1974 #02

7200 shares

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a) For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By Kathleen M Cullen

Dated April , 1974 ---------- AUTHORIZED SIGNATURE ----------

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF STECHER-TRAUNG-SCHMIDT CORPORATION

ORGINALS in VAULT (1ST FL.)

EXHIBIT TO THE AFFIDAVIT OF CHARLES L. THOMPSON See T.C.

Exhibit to the Affidavit of Charles L. Thompson.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 N. Goodman St. • Rochester, N.Y. 14607

CHARLES L. THOMPSON
TREASURER

February 17, 1975

IMPORTANT REQUEST CONCERNING PROXY SOLICITATION MATERIAL

Roulston & Company, Inc.
Investment Plaza
Cleveland, Ohio 44114

Gentlemen:

In compliance with Rule 14a(3) of the Securities Exchange Act of 1934 respecting the distribution of proxy material, Stecher-Traung-Schmidt Corporation is required to inquire as to whether certain stockholders of record are holding voting securities on behalf of one or more beneficial owners, and if so, the number of copies of the Annual Report, proxy and proxy soliciting materials required for the use by such beneficial owners.

Accordingly, we have enclosed a form requesting this information. If applicable, please complete the enclosed form and return it to the attention of the undersigned. The appropriate number of copies will then be sent to you as soon as the material is available for distribution.

Very truly yours,

STECHER-TRAUNG-SCHMIDT CORPORATION

Charles L. Thompson

Charles L. Thompson

CLT/jcg
Encl.

EXHIBIT TO THE AFFIDAVIT OF CHARLES L. THOMPSON – Sec 16 7

Exhibit to the Affidavit of Charles L. Thompson.

INFORMATION CONCERNING THE
DISTRIBUTION OF ANNUAL REPORTS
AND PROXY MATERIALS
OF
STECHER-TRAUNG-SCHMIDT CORPORATION

1. Number of shares of the Common Stock of Stecher-Traung-Schmidt Corporation held of record by you.

2. Number of beneficial owners on whose behalf you hold these shares.

3. Number of copies of the Annual Report and Proxy materials to be sent to you for use by the beneficial owners.

Dated:

_____

Exhibit to the Affidavit of Charles L. Thompson.

NAME Roulston & Company, In.

INFORMATION CONCERNING THE
DISTRIBUTION OF ANNUAL REPORTS
AND PROXY MATERIALS
OF
STECHER-TRAUNG-SCHMIDT CORPORATION

1. Number of shares of the Common Stock of Stecher-Traung-Schmidt Corporation held of record by you.

25,200

2. Number of beneficial owners on whose behalf you hold these shares.

ONE

3. Number of copies of the Annual Report and Proxy materials to be sent to you for use by the beneficial owners.

ONE OF EACH

Dated:
February 20, 1975

ROULSTON AND COMPANY, INC.

Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff, vs. M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	CIVIL ACTION NO. 75-131 AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
COUNTY OF MONROE) SS.:

William C. Warren, being duly sworn, deposes and says:

1. I reside at 250 Ambassador Drive in the Town of Brighton, and am President of Rochester Truck Rental, Inc., and a Director of the Plaintiff, Stecher-Traung-Schmidt Corporation. I submit this Affidavit in support of the Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction.

2. In approximately the first week of November, 1974, the Defendant, M. A. Self, called on a Tuesday and asked to meet me the following day at my office in Rochester. I told him this was impossible as I was leaving Rochester for several days. We set a date to meet on my way back from Des Moines, Iowa, at the Ambassador Club in O'Hare Airport.

3. On November 15th, I met with M. A. Self and a Mr. Art Hecker, the Vice Chairman of the Defendant, Bee Chemical Company. We spent approximately an hour discussing Stecher-Traung-Schmidt and Bee Chemical.

4. As explained by M. A. Self, the reason for his request for a meeting was to explore the idea of a private sale of a minimum of 100,000 shares. He stated that he assumed that I represented other shareholders and that their interests would total at least 100,000 shares.

5. I indicated to Mr. Self and Mr. Hecker that I only represented 200 shares.

6. Both Mr. Self and Mr. Hecker said they would pay a premium for a sale of this nature at $7.00 or $7.50 per share. I asked Mr. Self why he had sought me. He responded that he believed I was more reasonable than some other members of the Board of Stecher-Traung-Schmidt.

7. We discussed the direction of the business of the Plaintiff as opposed to that of the Defendant, Bee Chemical, and Mr. Self compared Bee Chemical to Avery Industries. He stated that Avery Industries is earning 20 times net worth and claimed that Bee was doing better than Avery.

8. Mr. Self expressed confidence in Doug Johnson, President of Stecher-Traung-Schmidt, but did not think that Mr. Johnson had the breadth and vision to lead the Company into anything except the field of graphic arts. He seemed concerned that the Plaintiff was investing in a new building and machinery simply for the purpose of improving its printing process.

9. Mr. Self then asked whether I represented the trusts held at the Bank. I declined to answer.

10. I then asked him what course of action he would take if other shareholders declined to go along with a private sale. He stated that he did not want to fight as he thought it would be bad for all concerned, but that he would not sell back his shares or be defeated.

11. Mr. Self then requested that I seek out other stockholders to see if they were interested in a private sale to him. I said that I would be glad to contact some members of the Plaintiff, my family and some other relations to see if they had any interest.

12. In approximately the first week of January, 1975, I telephoned Mr. Self and told him that there was not much interest in selling Stecher-Traung-Schmidt's stock at $7.50. He said he might be able to pay more than $7.50. I responded that it would not make a great deal of difference if the price were around that sum. He then said, "What about $25 a share?" I responded that I had no way of knowing, but that I would explore $25 if that was his offer. He answered that it was not an offer but urged me to find out if there was any price at which persons I had contacted would be interested in selling their shares. I answered that I would try to determine this and would call him later.

13. On or about the 21st day of January, 1975, Mr. Hecker called me for an answer on behalf of Mr. Self who was out of town.

Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

I responded that I had been unable to obtain any interest in a private sale.

William C. Warren

William C. Warren

Sworn to before me this
7th day of April, 1975.

Diane G. Walker
Notary Public

DIANE G. WALKER
NOTARY PUBLIC, State of N. Y. Monroe County
My Commission Expires March 30, 1976

Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff, VS. M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	:	CIVIL ACTION NO. 75-131 AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

GEORGE R. WILLIAMS, being duly sworn, deposes and says: I live at 88 Buckland Avenue in the Town of Brighton and I am Counsel to the firm of Harter, Secrest & Emery and a Director of Stecher-Traung-Schmidt Corporation ("STS").

WILLIAM B. WEBBER, being duly sworn, deposes and says: I live at 31 Monroe Avenue in the Town of Pittsford and I am Chairman of the Board and Chief Executive Officer of Lincoln First Bank of Rochester and a Director of STS.

1. This Affidavit is made by us in support of Plaintiff's motion for a Temporary Restraining Order and Preliminary Injunction.

2. On April 17, 1974 Thomas Roulston addressed a meeting of the Board of Directors of STS which we both attended. Mr. Roulston, appearing on behalf of a large block of shares held in the name of Roulston & Company, Inc., was very critical of the operating history of STS and what he characterized as a poor return on equity. Generally, he was very critical of management. Mr. Roulston finally

indicated that STS must have a change of direction and urged a merger between STS and Bee Chemical Company.

3. On September 17, 1975 all of the Rochester Directors of STS held a lunch meeting at the Genesee Valley Club with M.A. Self, the Chief Executive Officer of Bee Chemical. Mr. Self was archly critical of STS' operations, its management and its future. He stated that the printing business was low profit and STS needed to get into new technology such as that provided by Bee Chemical. He more or less demanded to be made a director, indicated his intent to be active and said that any director who had been on the Board of STS for over one year had been derelict in his duty and should be fired.

George R. Williams

Sworn to before me this 7th day of April, 1975.

DAVID E. SONN
NOTARY PUBLIC, State of N. Y. Monroe County
My Commission Expires March 30, 19___

William B. Webber

Sworn to before me this 7th day of April, 1975.

DAVID E. SONN
NOTARY PUBLIC, State of N. Y. Monroe County
My Commission Expires March 30, 19___

Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff,	:	CIVIL ACTION NO. 75-131
VS.	:	
M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	:	AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

DOUGLAS M. JOHNSON, being duly sworn, deposes and says:

1. I reside at 125 Trevor Court Road in the Town of Brighton, and have been President, Chief Executive Officer and a Director of Plaintiff, Stecher-Traung-Schmidt Corporation ("STS") since January 1974. I submit this Affidavit in Support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction.

2, On a day during the week of either December 9, 1973 or December 16, 1973 I was introduced in San Francisco at the offices of STS to Messers. Self and Hecker, the Chief Executive Officer and Vice Chairman of Bee Chemical Company. At that time I was a consultant to STS. Also in attendance at this meeting were Messers. Wren, Acosta, Davis and Ehrlich all of whom are Directors of STS. Messers. Self and Hecker led a discussion of the desirability of a merger of STS and Bee Chemical Company. Mr. Self pressed for an immediate decision.

3. On Tuesday, April 2, 1974 Messers. Self and Hecker together with Tom Roulston of Roulston & Company, Inc., Bee's Cleveland based investment banker appeared again at the San Francisco offices of STS, at their request, to present and urge again a merger of Bee and STS. At this meeting Mr. Roulston distributed three spread sheets and a brochure on Bee. These were:

"Conditions facing Bee" - dated 4/1/74
"Conditions facing STS" - dated 4/1/74
"Rationale for Merger" - dated 4/1/74
"Bee Chemical" - a 12-page brochure describing Bee, its business and management dated March 1974.

4. On April 17, 1974 at a Directors meeting in Rochester Tom Roulston appeared before the Board as a representative of the shares his firm held. At this meeting Mr. Roulston critized and commented upon the flat performance of STS in recent years and the poor return on equity as well as our operations in general.

5. On June 6, 1974 Tom Roulston came to my office in Rochester and discussed again the merger of STS. He further advised that he had been commissioned to make a complete study of Bee Chemical which was delivered to my office in early July.

6. On July 2, 1974 I went to Cleveland at the request of Tom Roulston. Roulston's topic was again the Bee-Self merger. I pointed out STS's strong working capital position versus the heavy debt Bee was carrying. Roulston indicated that an STS-Bee merger would create a new attractive borrowing base. Roulston also stated in this regard that Self would have to make some sort of deal before the year end in order to satisfy his creditors.

7. On September 17, 1974 all of STS's Rochester Directors (George Williams, William Webber, William Warren, George Bienetti, John Remington and I) met with Self at a luncheon meeting at the Genesee Valley Club. Mr. Self described STS as being a job shop in highly competitive business with no real future opportunity for profit. He reviewed STS's operating history and concluded that it had made no progress, yielded a poor return on equity, lacked direction, had been mismanaged and that anyone who had been a director for over a year should have been thrown out. He concluded his remarks by noting that STS shareholders would be better served by a liquidation of the Company and reinvestment of those funds in another enterprise. He then asked to be elected to the Board.

8. On October 17, 1974 I and Don Davis, an STS director, met with Self and Hecker, the Vice Chairman of Bee at their request in Chicago. At this meeting Self's criticisms of September 17, 1974 were restated. Self refused to answer any questions concerning his past and current relationship with Roulston & Company, with Tom Roulston, or with other clients of Roulston. He also refused comment on the then recently discovered transfer from Roulston to Bee of approximately 39,000 shares, except to say that knowledge of his ownership of those shares might have clouded the merger

talks. Self concluded by demanding a directorship and by stating that he had three options respecting STS:

1. Do nothing and collect dividends
2. Sell his shares, or
3. Take positive action toward STS.

I advised him that the Board was not prepared to enlarge itself at that time.

Douglas M. Johnson

Douglas M. Johnson

Sworn to before me this
6th day of April, 1975.

Notary Public

DAVID E. SONN
NOTARY PUBLIC, State of N. Y. Monroe County
My Commission Expires March 30, 19

Answer to Complaint.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

Copy received for Payment at his office 4/14/75

STECHER-TRAUNG-SCHMIDT CORPORATION,	:	
Plaintiff,	:	
VS.	:	CIVIL ACTION NO. 75-131
M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,	:	ANSWER TO COMPLAINT
Defendants.	:	(and counterclaim)

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

NOW COME the defendants, M. A. SELF, BEE CHEMICAL COMPANY, an Illinois corporation, and APTHUR S. HECKER, by and through their attorneys in this regard, HODSON, RUSS, ANDREWS AND GOODYEAR and BAKER & McKENZIE, and for their answer to the plaintiff's Complaint at Law state as follows:

1. These defendants admit each and every allegation contained in Paragraph 1 of the plaintiff's Complaint.

2. These defendants admit each and every allegation contained in Paragraph 2 of the plaintiff's Complaint.

3. These defendants admit each and every allegation contained in Paragraph 3 of the plaintiff's Complaint.

4. These defendants are without knowledge or sufficient information to form a belief as to the truth or falsity of the allegation that the defendant, ROULSTON AND COMPANY, INC., is an Ohio Corporation; further answering, these defendants admit that ROULSTON AND COMPANY, INC. is a member of the New York Stock

Exchange with its principal place of business at Investment Plaza, Cleveland, Ohio; further answering, these defendants specifically deny that there exists or has at any time existed a group called, styled or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

5. These defendants admit that the defendant, THOMAS ROULSTON, is an individual and is president of the defendant, ROULSTON AND COMPANY, INC.; further answering, these defendants are without knowledge or sufficient information to form a belief as to the truth of the allegation that THOMAS ROULSTON resides in the metropolitan area of Cleveland, Ohio and is the principal shareholder of the defendant, ROULSTON AND COMPANY, INC.; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

6. These defendants admit each and every allegation contained in Paragraph 6 of the plaintiff's Complaint.

7. These defendants deny each and every allegation contained in Paragraph 7 of the plaintiff's Complaint; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the

"Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

8. These defendants have no knowledge or means of knowledge as to the truth or falsity of the allegations contained in Paragraph 8 of the plaintiff's Complaint.

9. These defendants admit that the plaintiff attempts to bring this action under Section 13 of the Securities Exchange Act of 1934; further answering, these defendants specifically deny the applicability of Section 13 of the Securities Exchange Act of 1934.

10. These defendants deny each and every allegation contained in Paragraph 10 of the plaintiff's Complaint; further answering, these defendants specifically deny each and every alleged act or omission upon which the plaintiff attempts to predicate its Complaint.

11. These defendants specifically deny committing any of the acts or omissions alleged in the plaintiff's Complaint and, therefore, deny that the plaintiff is entitled to any remedy either at law or in equity.

12. These defendants allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 12 of the plaintiff's Complaint.

13. These defendants allege that they are without knowledge or information sufficient to form a belief as to the truth of the

allegations contained in Paragraph 13 of the plaintiff's Complaint.

14. These defendants specifically deny that they participated in any meeting in December of 1973 with four directors of STS and Douglas Johnson; further answering, these defendants deny each and every remaining allegation contained in Paragraph 14 of the plaintiff's Complaint.

15. These defendants allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 15 of the plaintiff's Complaint.

16. These defendants deny that in February of 1974 a meeting occurred in Chicago involving Ehrlich and Davis of STS and the defendant, SELF and other officers of BEE CHEMICAL; further answering, these defendants admit that on or about April 18, 1974, a meeting as described in Paragraph 16 of the plaintiff's Complaint occurred at which time the directors, Ehrlich and Davis were urged to act on a merger proposal previously made by BEE on April 2, 1974.

17. These defendants admit that on or about April 2, 1974, the defendants, ROULSTON and SELF, together with the defendant, HECKER met with STS's president and other directors of STS in San Francisco and discussed a merger with STS; further answering, these defendants admit that at the time of said meeting the four documents in Exhibit '1' were proffered; further answering, these defendants admit that those documents styled "Conditions Facing Bee", "Conditions Facing STS" and "Rationale for Merger" were pre-

sented by ROULSTON AND COMPANY; further answering, these defendants deny that the document styled "Bee Chemical" was prepared by ROULSTON AND COMPANY but affirmatively aver that it was prepared by BEE CHEMICAL COMPANY.

18. These defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 18 of the Complaint.

19. These defendants on information and belief verily believe that the defendant, T. ROULSTON attended the plaintiff's annual meeting of shareholders in Rochester, New York on or about April 17, 1974; further answering, these defendants state that they are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 19 of the plaintiff's Complaint.

20. These defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 20 of the plaintiff's Complaint.

21. These defendants allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 21 of the plaintiff's Complaint; further answering, these defendants specifically deny that a merger was at that time or any other time necessary to satisfy the alleged creditors of the defendant, BEE.

22. These defendants are without sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 22 of the plaintiff's Complaint.

23. These defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 23 of the plaintiff's Complaint; further answering, if said allegations are true, these defendants specifically deny having knowledge that as of February 12, 1974, ROULSTON AND COMPANY, INC., had acquired in the market an aggregate of 40,750 (FORTY-THOUSAND SEVEN HUNDRED FIFTY) shares of STS's common stock or approximately 5.1 percent of STS's then outstanding shares.

24. These defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 24 of the plaintiff's Complaint; further answering, if said allegations are true, these defendants specifically deny having any knowledge of the transactions to which reference is made in Paragraph 24 of the plaintiff's Complaint.

25. These defendants admit that on or about August 13, 1974, ROULSTON transferred from its name to the defendant, BEE CHEMICAL COMPANY, 39,000 (THIRTY-NINE THOUSAND) shares of the plaintiff's common stock or approximately 4.85 percent of the plaintiff's outstanding shares; further answering, these defendants deny each and every remaining or inconsistent allegation contained in Paragraph 25 of the plaintiff's Complaint.

26. These defendants allege that they are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 26 of the plaintiff's Complaint.

27. These defendants admit that on September 17, 1974, the defendant, SELF, met with 6 (six) of plaintiff's 11 (eleven) directors in Rochester; further answering, these defendants admit that the defendant, SELF, stated that the plaintiff had been mismanaged, that certain members of the Board should resign because of their mismanagement and that the plaintiff could and should become more profitable; further answering, these defendants allege that the remaining allegations contained in Paragraph 27 of the plaintiff's Complaint constitute misstatements of the comments made by the defendant, SELF, at said time and, therefore, these defendants deny said remaining allegations; further answering, these defendants specifically deny that the defendant, SELF, suggested or implied an actual liquidation of the Company.

28. These defendants admit that on September 17, 1974, the defendant, SELF, requested the plaintiff's officers and directors to make him a director of STS; further answering, these defendants deny each and every remaining allegation or inconsistent allegation contained in Paragraph 28 of the plaintiff's Complaint.

29. These defendants admit that on October 17, 1974, STS's president and one of its outside directors, Davis, met with the defendants, SELF and HECKER, in Chicago; further answering, these defendants admit that Davis was informed at said meeting that BEE's ownership of 39,000 (THIRTY-NINE THOUSAND) shares of the plaintiff was not disclosed prior to August 13, 1974 because such knowledge might have affected the merger discussions; further answering,

these defendants admit that they reiterated earlier criticisms of STS's management in terms of the necessity for increasing profitability and a more dynamic management; further answering, these defendants admit that SELF stated that Bee had the options of continuing as an investor and collecting dividends or selling or buying more shares; further answering, these defendants deny each and every remaining or inconsistent allegation contained in Paragraph 29 of the plaintiff's Complaint.

30. These defendants admit that during the first weeks of November, 1974, SELF requested a meeting with William Warren in Mr. Warren's capacity as a shareholder and offered to travel to Rochester. Further answering, these defendants admit that Warren refused and arranged a meeting in Chicago as part of another trip he was taking; further answering, these defendants admit that on or about November 15, 1974, Mr. Warren met with the defendants, SELF and HECKER, at O'Hare Airport, Chicago, Illinois. Further answering, these defendants admit that SELF expressed at said time an interest in Warren's determination of the possibility of BEE purchasing a minimum of 100,000 (ONE HUNDRED THOUSAND) additional shares of STS and admits quoting a price range of $7.00 (SEVEN) to $7.50 (SEVEN-AND-A-HALF) to obtain those shares. Further answering, these defendants admit that SELF requested of Warren information concerning shares held in trust by banks and asked if he thought there was a possibility of acquiring any of those shares. Further answering, these defendants admit that

subsequent to this meeting, Mr. Warren placed a follow-up telephone call during the first week of January of 1975 indicating no interest and further admit that SELF responded by suggesting that Warren advise at what price shares would be available. Further answering, these defendants admit that on or about January 21, 1975, HECKER was called by Warren and renewed the request on behalf of the defendant, BEE, only; further answering, this defendant denies each and every remaining or inconsistent allegation contained in Paragraph 30 of the plaintiff's Complaint.

31. These defendants admit that letters dated January 20, 1975 from Wiser, Shaw, Freeman, VanGraafeiland, Harter and Secrest were received by the defendants, BEE and SELF, and that Exhibit IV constitutes in part copies of said correspondence; further answering, these defendants deny that the substance of said letters was in conformity with the interpretation given by the plaintiff in Paragraph 31 and state that said letters speak for themselves; further answering, these defendants are without knowledge or information sufficient to form a belief as to the truth of the allegation that ROULSTON advised by phone that it was not required to respond but then subsequently advised that it was not a 5 (FIVE) percent shareholder by letter dated February 5, 1975; further answering, these defendants deny that SELF and BEE declined to respond in any fashion and state that counsel for the plaintiff was referred to these defendants' attorneys for whatever response was deemed appropriate, if any; further answering, these defen-

dants stated that plaintiff's Exhibit VI speaks for itself as to the substance of the letter dated February 19, 1975 and affirmatively state that said Exhibit VI demonstrates the recognition by plaintiff's counsel that no response by these defendants to the February 5th or February 19th correspondence was necessary; further answering, these defendants are without knowledge or sufficient information to form a belief as to the truth of the allegation that STS's counsel advised the Securities and Exchange Commission of its inability to obtain information; further answering, these defendants deny that the information sought by STS was "required" information for its proxy material.

32. These defendants are without knowledge or sufficient information to form a belief as to the truth of the allegation that as of April 4, 1975, plaintiff's transfer agent's records indicate that defendant, ROULSTON AND COMPANY, INC. was the owner of record of TWENTY-FIVE THOUSAND TWO HUNDRED (25,000) shares -- 3.1 percent of plaintiff's now outstanding common stock or that the defendant, T. ROULSTON does not own of record in his name any shares; further answering, these defendants admit that the plaintiff's transfer agent's records should designate that BEE CHEMICAL COMPANY owns THIRTY-NINE THOUSAND (39,000) shares of plaintiff's now outstanding common stock; further answering, these defendants admit that the plaintiff's transfer agent's records should indicate that the defendant, SELF, does not own of record any shares; further answering, these defendants deny each and every remaining

allegation contained in Paragraph 32 of the plaintiff's Complaint.

33. These defendants state that Regulation 14a, Rule 14a-3(d) of the Act and the Rules of the Exchange speak for themselves and designate the requirements of STS; further answering, these defendants are without knowledge or sufficient information to form a belief as to the truth of the allegation that ROULSTON AND COMPANY has requested only one copy of such material to distribute in compliance with such Rules thereby indicating there is only one beneficial owner of the TWENTY-FIVE THOUSAND TWO HUNDRED (25,000) shares allegedly held in its name; further answering, these defendants affirmatively aver that they were not aware that TWENTY-FIVE THOUSAND TWO HUNDRED (25,200) shares were held in the name of ROULSTON AND COMPANY for one beneficial owner.

34. These defendants state that the plaintiff attempts to predicate a claim under and pursuant to Sections (13)(d)(1), (2), (3), (4) and (6) of the Securities Exchange Act of 1934 and Rules 13d-1, 2 and 3 promulgated by the Securities and Exchange Commission thereunder; further answering, these defendants specifically deny the applicability of said Sections and Rules to them by reason of their ownership of only 4.85 percent of STS's equity security and further deny that any allegation or facts exist which bring them within the purview of said Sections 13(d) and Rules 13d-1, 2 and 3 promulgated by the Securities and Exchange Commission.

35. These defendants deny each and every allegation contained

in Paragraph 35 of the plaintiff's Complaint.

36. These defendants deny each and every allegation contained in Paragraph 36 of the plaintiff's Complaint.

37. These defendants deny each and every allegation contained in Paragraph 37 of the plaintiff's Complaint.

38. These defendants deny each and every allegation contained in Paragraph 38 of the plaintiff's Complaint; further answering, these defendants specifically aver that the interest of BEE CHEMICAL in STS is to insure the furtherance of STS's business purposes, increase its earnings, improve its business and operations and benefit its shareholders.

39. These defendants deny each and every allegation contained in Paragraph 39 of the plaintiff's Complaint.

40. These defendants deny each and every allegation contained in Paragraph 40 of the plaintiff's Complaint; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine, or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

41. These defendants stated that Section 13(d)(1) of the Act and Rule 13d-1 and 13d-3 speak for themselves; further answering, these defendants specifically deny the applicability of Section 13(d)(1) and Rules 13d-1 and 13d-3 to them.

42. These defendants admit that SELF and BEE have not filed

any statement pursuant to Section 13(d) of the Act and Rule 13d-1 and Schedule 13D for the reason that SELF does not own any stock in STS and BEE owns less than FIVE (5) percent of STS's outstanding common stock; further answering, these defendants are without knowledge or sufficient information to form a belief as to the truth of the allegation relating to T. ROULSTON and ROULSTON AND COMPANY; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

43. These defendants state that Sections 13(d)(1) and 13(d)(6) speak for themselves; further answering, these defendants specifically deny the applicability of said sections.

44. These defendants deny each and every allegation contained in Paragraph 44 of the plaintiff's Complaint; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

45. These defendants deny the applicability of Section 13(d)(1) and Section 13(d)(6) to the defendants, SELF and BEE, and therefore deny each and every allegation contained in Paragraph 45 as it relates to these defendants; further answering,

these defendants are without knowledge or sufficient information to form a belief as to the truth of the allegations contained in Paragraph 45 relating to the defendants, T. ROULSTON and ROULSTON AND COMPANY; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

46. These defendants deny each and every allegation contained in Paragraph 46 of the plaintiff's Complaint; further answering, these defendants deny that they have at any time concealed material information from the Securities and Exchange Commission, STS, STS's shareholders, the investing public or violated any Sections of the Securities Exchange Act of 1934 or the Rules promulgated thereunder; further answering, on information and belief, these defendants verily believe that neither T. ROULSTON nor ROULSTON AND COMPANY has at any time concealed material information from the Securities and Exchange Commission, STS, STS's shareholders or the investing public or has in any way violated the Act or Rules promulgated thereunder; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

47. These defendants deny each and every allegation contained in paragraph 47 of the plaintiff's Complaint.

48. These defendants deny each and every allegation contained in Paragraph 48 of the plaintiff's Complaint; further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

49. These defendants deny each and every allegation contained in Paragraph 49 of the plaintiff's Complaint.

50. These defendants deny each and every allegation contained in Paragraph 50, including sub-paragraphs (a) through (f); further answering, these defendants specifically deny that there exists or has at any time existed a group called or otherwise characterized as the "Bee-Self Group" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner.

WHEREFORE, these defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, deny that the plaintiff is entitled to any of the relief sought herein or any relief whatsoever and these defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, affirmatively pray that the temporary restraining order entered by this Court on or about April 7, 1975, be dissolved; that the plaintiff's STS Complaint herein be dismissed with prejudice and

that these defendants be awarded attorneys' fees, costs and expenses and whatever additional relief as this Court may deem just and proper.

FIRST DEFENSE

The Complaint fails to state a claim against these defendants, M. A. SELF, BEE CHEMICAL COMPANY, an Illinois corporation and ARTHUR S. HECKER, upon which relief can be granted.

SECOND DEFENSE

The plaintiff, STECHER-TRAUNG-SCHMIDT CORPORATION, in deliberately delaying and failing to assert its claimed right against these defendants is guilty of laches and, thereby, barred from presently asserting its claim.

WHEREFORE, these defendants, M. A. SELF, BEE CHEMICAL COMPANY, an Illinois corporation and ARTHUR S. HECKER, pray that the plaintiff's, STECHER-TRAUNG-SCHMIDT COROPORATION, be dismissed with prejudice and that these defendants be awarded attorneys' fees, costs and expenses and whatever additional relief as this Court may deem just and proper.

BAKER & McKENZIE

By Robert James Harris
Member of the Firm

Attorneys for Defendants
Office and Post Office Address
700 Prudential Plaza
Chicago, Illinois 60601
(312) 828-0400

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By _____
Member of the Firm

Attorneys for Defendants
Office and Post Office Address
1800 One M & T Plaza
Buffalo, New York 14203
(716) 856-4000

A F F I D A V I T

M. A. SELF, being duly sworn on oath, deposes and states as follows: that he is an officer, to wit: the president of BEE CHEMICAL COMPANY, an Illinois corporation, that both he and BEE CHEMICAL COMPANY are named as defendants in this cause; that he has read the foregoing answer to the plaintiff's Complaint and knows the contents thereof; that the same is true to the knowledge of the deponent except as to the matters therein stated to be alleged upon information and belief and as to those matters he believes it to be true.

M. A. Self

M. A. SELF

SUBSCRIBED and SWORN to
before me this 11 day of
April, A.D., 1975.

NOTARY PUBLIC

My Commission Expires October 8, 1975

A F F I D A V I T

ARTHUR S. HECKER, being duly sworn on oath, deposes and states as follows: that he is an officer, to wit: the vice-chairman of BEE CHEMICAL COMPANY, that both he and BEE CHEMICAL COMPANY are named as defendants in the above entitled action; that he has read the foregoing answer to the Complaint and knows the contents thereof; that the same is true to the knowledge of the deponent except as to those matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

ARTHUR S. HECKER

SUBSCRIBED and SWORN to
before me this 11 day of
April, A.D., 1975.

Notary Public

My Commission Expires October 8, 1975

Counterclaim.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

BEE CHEMICAL COMPANY,

Counterplaintiff, CIVIL ACTION NO.75-131

-vs-

STECHER-TRAUNG-SCHMIDT CORPORATION, COUNTERCLAIM

Counterdefendant.

Now comes Bee Chemical Company by and through its attorneys in this regard, Hodgson, Russ, Andrews, Woods & Goodyear and Baker & McKenzie, and for its Counterclaim says as follows:

1. This action arises under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Act") and the rules and regulations promulgated by the Securities and Exchange Commission thereunder, and this Court has jurisdiction under said Section 14(a) and under Section 27 of said Act.

2. Bee Chemical Company brings this Counterclaim on behalf of itself and all other stockholders of Stecher-Traung-Schmidt Corporation ("STS") similarly situated.

3. On information and belief, Counterdefendant STS is a corporation organized under the laws of the State of New York with its principal executive offices at 274 North Goodman Street, Rochester, New York.

4. On information and belief, Counterdefendant STS has outstanding one class of stock designated common stock, $5.00

par value, which is registered pursuant to Section 12 of the Act and holders of said stock are entitled to cumulate votes in elections for directors of STS.

5. Bee Chemical Company is a corporation organized under the laws of the State of Illinois with its principal executive offices at 2700 East 170th Street, Lansing, Illinois.

6. Bee Chemical Company is the benefidial owner of 39,000 shares of common stock of STS.

7. On information and belief, on or about March 17, 1975, Counterdefendant STS prepared and delivered to its stockholders (a) a letter from its president, Douglas M. Johnson, dated March 17, 1975, (b) a document entitled "Notice of Annual Meeting of Stockholders," dated March 17, 1975, and (c) a document entitled "Proxy Statement" dated March 17, 1975 (a copy of said documents is attached hereto as Exhibit A and all of said documents are hereinafter referred to as the "STS Proxy Statement"), with regard to the Annual Meeting of Stockholders of STS, to be held April 30, 1975, at which action is to be taken:

1) For consideration of and action upon a proposed amendment to the Company's bylaws providing for the classification of directors.

2) For the election of direcotrs.

3) For consideration of and action upon a proposal to approve the selection of Coopers & Lybrand as independent auditors for the fiscal year ending December 31, 1975.

4) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

8. Representatives of management and the Board of Directors of STS, during the period from April 2, 1974 to April 6, 1975 met and/or discussed with representatives of Bee Chemical Company, proposals for the merger of Bee Chemical Company and STS, or for the acquisition of STS by Bee Chemical Company. As a result of these meetings and discussions, said representatives of STS were provided with materials and information, including business and financial information, relating to Bee Chemical Company and said proposals.

9. On April 4, 1975, Bee Chemical Company stated to management of STS that it was prepared to make an offer of $8.00 per share for all of the outstanding shares of common stock of STS if, and only if, the cooperation of STS management was obtained. The offer Bee Chemical Company was prepared to make further would be conditioned upon the approval of holders of sixty-six and two-thirds (66-2/3) of the outstanding STS common shares.

10. A classification of a board of directors of a corporation into staggered terms of office, is inconsistent with and in violation of provisions for cumulative voting protecting minority shareholders.

11. Section 16(a) of the Act and the rules and regulations and forms promulgated by the Securities and Exchange Commission

thereunder require that each director or officer of a company with a class of equity securities registered under Section 12 of the Act shall file a statement regarding the amount of securities of such company held by such person within 10 days after he becomes a director or officer, and thereafter within 10 days after the close of any calendar month during which there has been a change in such ownership.

12. On information and belief, all but two of the directors and officers of STS, have not filed any reports required by Section 16(a) of the Act on Forms 3 and 4 promulgated by the Securities and Exchange Commission thereunder, with respect to their holdings or trading of STS common stock.

13. Section 14(a) of the Act provides that it is unlawful for any person to solicit proxies in contravention of the rules and regulations of the Securities and Exchange Commission promulgated thereunder. Schedule 14A promulgated by the Securities and Exchange Commission sets forth information required to be included in proxy statements subject to the Act, including, among other matters, any interest by management in the matters to be acted upon, any transactions, including the issuance of shares or the grant or exercise of options for shares, between the company and management, any action to be taken with respect to any report of the company or its management and the reasons for and general effect of any amendment to the company's By-Laws. Rule 14a-9 promulgated by the Securities and Exchange Commission provides that no solicitation subject to the rule shall be made by means of a

proxy statement containing any statement which at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material facts or which omits to state any material fact necessary in order to make the statements therein not false or misleading, or necessary to correct any statement in any earlier proxy statement or communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

14. On information and belief, the STS Proxy Statement fails to disclose, as is required by Section 14(a) of the Act and Rule 14a-3 and Schedule 14A promulgated by the Securities and Exchange Commission thereunder, the following information:

a) That certain officers and directors of STS had been granted options to purchase shares of common stock of STS and had purchased shares of common stock of STS with the knowledge that STS was engaged in discussions with Bee Chemical Company regarding a merger or acquisition of STS and with the knowledge of certain inside information with regard to said discussions.

b) That the purchase or exercise price of the shares of STS common stock purchased by or granted to said officers and directors, while it may have reflected the then market price, did not reflect the value which the said officers and directors reasonably expected would be given to the stock if the proposals concerning a merger or acquisition with Bee Chemical Company became public knowledge.

c) That the Board of Directors of STS had refused to cooperate with and had rejected Bee Chemical Company's proposal for a conditional offer of $8.00 per share of STS common stock.

d) That the proposed classification of the STS Board of Directors may be successfully challenged in court proceedings as being inconsistent with cumulative voting protections for minority shareholders.

e) That certain of the officers and directors of STS have failed to file reports as required by, and in violation of, Section 16(a) of the Act.

15. By reason of the omission by STS of information regarding the matters set forth in paragraph 14 above, the STS Proxy Statement is false or misleading and omits to state material facts necessary to make the statements therein not false or misleading. Said omissions will cause the stockholders of STS to vote upon management's proposals at the Annual Meeting of Stockholders of STS, to be held on April 30, 1975, without information concerning the matters to be voted upon, or otherwise required to be disclosed in the STS Proxy Statement, necessary for said stockholders to intelligently and knowingly vote their shares of STS common stock.

16. Bee Chemical Company has no adequate remedy at law.

WHEREFORE, Bee Chemical Company prays:

A. That the Court adjudge the counterdefendant STS to have unlawfully violated Section 14(a) of the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

B. That counterdefendant STS be enjoined from soliciting proxies for, or holding, an Annual Meeting of its stockholders until such time as there has been delivered to said stockholders, and said stockholders shall have a reasonable time to review, an amended STS Proxy Statement containing information concerning the following matters:

1. That certain officers and directors of STS had been granted options to purchase shares of common stock of STS and had purchased shares of common stock of STS with the knowledge that STS was engaged in discussions with Bee Chemical Company regarding a merger or acquisition of STS and with the knowledge of certain inside information with regard to said discussions.

2. That the purchase or exercise price of the shares of STS common stock purchased by or granted to said officers and directors, while it may have reflected the then market price, did not reflect the value which the said officers and directors reasonably expected would be given to the stock if the proposals concerning a merger or acquisition with Bee Chemical Company became public knowledge.

3. That the Board of Directors of STS had refused to cooperate with and had rejected Bee Chemical Company's proposal for a conditional offer of $8.00 per share of STS common stock.

4. That the proposed classification of the STS Board of Directors may be successfully challenged in court proceedings as being inconsistent with cumulative voting protections for minority shareholders.

5. That certain of the officers and directors of STS have failed to file reports as required by, and in violation of, Section 16(a) of the Act.

C. That Counterdefendant STS be required to resolicit proxies following the delivery to its stockholders of an amended STS Proxy Statement containing the information set forth above.

D. That Bee Chemical Company be awarded attorneys' fees, costs and expenses and whatever additional relief as this Court may deem just and proper.

BAKER & McKENZIE

By /s/ Robert James Gaa
Member of the Firm

Attorneys for Counterplaintiff
Office and Post Office Address
700 Prudential Plaza
Chicago, Illinois 60601
(312) 828-0400

HODGSON, RUSS, ANDREWS, WOODS, & GOODYEAR

By /s/ [illegible]
Member of the Firm

Attorneys for Counterplaintiff
Office and Post Office Address
1800 One M & T Plaza
Buffalo, New York 14203
(716) 856-4000

Exhibit A Attached to Counterclaim.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 N. Goodman St. • Rochester, N.Y. 14607

OFFICE OF THE
PRESIDENT

March 17, 1975

Dear Stockholder:

Our Annual Meeting this year will be on April 30, 1975 in San Francisco, the principal location of our Western Division. Many of our stockholders live in northern California and this meeting will afford them an opportunity to participate and to hear management reports on the growth of Stecher-Traung-Schmidt.

Results for 1974 were gratifying. Our financial statements indicated that earnings were approximately $1.03 per share, one of our best records in recent years. The Company's full audited financial statements are set forth in the Annual Report to Stockholders which has been mailed to you under separate cover. We enter upon 1975 with cautious optimism. As every stockholder knows, the national economy is suffering from reduced industrial activity in virtually every sector. Your management is making strenuous efforts to maintain a desirable level of sales activity at a reasonable profit margin. We are fortunate that a significant portion of our sales are generated by the printing of labels for the food and seed industries, areas which are resistant to economic decline.

We believe it is important for our stockholders to participate in the Annual Meeting. For those living near the place of the Annual Meeting, we welcome your attendance. For all stockholders we urge participation by reading the enclosed proxy materials and signing and mailing the proxy which accompanies these materials. A return envelope has been enclosed for your convenience.

D M Johnson

Douglas M. Johnson
President

Exhibit A

Exhibit A Attached to Counterclaim.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 North Goodman Street
Rochester, New York 14607

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To The Stockholders of
STECHER-TRAUNG-SCHMIDT CORPORATION

NOTICE IS HEREBY given that the Annual Meeting of Stockholders of STECHER-TRAUNG-SCHMIDT CORPORATION (the "Company") will be held in the Penthouse Board Room at the Wells Fargo Bank, 464 California Street, San Francisco, California on Wednesday, April 30, 1975 at 10:00 A.M. local time, for the following purposes more fully described in the accompanying Proxy Statement:

1. For consideration of and action upon a proposed amendment to the Company's bylaws providing for the classification of directors.
2. For the election of directors.
3. For consideration of and action upon a proposal to approve the selection of Coopers & Lybrand as independent auditors for the fiscal year ending December 31, 1975.
4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Please note that since the last annual meeting of stockholders, the Board of Directors has amended the bylaws. The following described amendments may be deemed to have the effect of "regulating an impending election of directors" and the following statement is provided to stockholders in accordance with the requirements of Section 601 (b) of the New York Business Corporation Law.

1. That part of Article I, Section 1 of the bylaws dealing with the date of the annual meeting of stockholders has been amended to provide that the annual meeting of stockholders shall be held during the month of April in each year on such day and at such time as shall be fixed by the Board of Directors. Pursuant to this bylaw, the Board of Directors has fixed April 30, 1975 at 10:00 A.M., local time, as the date and time of the Annual Meeting of Stockholders. The bylaws previously provided for such meeting to be held on the third Wednesday of April of each year at four o'clock in the afternoon.

Exhibit A Attached to Counterclaim.

2. That part of Article I, Section 1 of the bylaws dealing with the number of directors has been deleted and restated under a new section which is designated as Article II, Section 2. Such section provides that the number of directors shall be set by action of the Board which number shall in no event be less than nine (9). The current number of directors and the number of directors to be elected at the Annual Meeting is eleven (11). Former Article II, Section 2 et seq. have been renumbered.

3. Article I, Section 4 of the bylaws has been amended to enable the Secretary of the Corporation to deliver notice of any meeting to each stockholder entitled to vote thereat either personally or by mail rather than exclusively by mail. Article I, Section 4 was further amended to enable the Secretary to deliver such notice not less than ten nor more than fifty days prior to the date of any meeting rather than within forty days as presently provided for. This change was made to conform to Section 605 of the New York Business Corporation Law.

4. Article I, Section 7 of the bylaws has been amended to enable the Board of Directors to set a record date for determining stockholders entitled to notice of and to vote at stockholder's meetings, which date shall be not less than ten nor more than fifty days prior to the meeting. This section formerly provided for a record date of not more than forty days prior to the meeting. This change has been made to conform to Section 604 of the New York Business Corporation Law.

5. Article I, Section 8 of the bylaws has been amended to enable the Board of Directors to appoint one or more inspectors of election prior to the annual meeting of stockholders rather than appointing a mandatory number of three at such annual meeting. If inspectors are not so appointed, the person presiding at the meeting may, and on the request of a stockholder entitled to vote thereat shall, appoint one or more inspectors.

The Board of Directors has fixed the close of business on March 12, 1975, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

G. William Fahey
Secretary

Dated at Rochester, New York
March 17, 1975

WHETHER OR NOT YOU WILL BE ABLE TO ATTEND THE MEETING IN PERSON, YOU ARE REQUESTED TO SIGN AND DATE THE ACCOMPANYING PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE.

Exhibit A Attached to Counterclaim

STECHER-TRAUNG-SCHMIDT CORPORATION
274 North Goodman Street
Rochester, New York 14607

PROXY STATEMENT

This Proxy Statement and the Proxy are being first sent or given to stockholders on approximately March 17, 1975, and are furnished in connection with the Annual Meeting of Stockholders of the Company, which will be held on Wednesday, April 30, 1975. The enclosed Proxy is solicited by the management of the Company and may be revoked at any time before it is exercised.

VOTING SECURITIES and CUMULATIVE VOTING

As of March 12, 1975, the record date for eligibility to vote, the Company's outstanding voting securities consisted of 806,931 shares of Common Stock par value $5.00. The holders of the Common Stock will be entitled to one vote per share on all matters to be considered at the meeting except that in the election of directors, each common stockholder will be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and he may cast all such votes for a single director or may distribute them among the number to be voted for, or any two or more of them as he may see fit.

As of March 12, 1975, the Company also had outstanding 9,417 shares of Preferred Stock (5% Cumulative) par value $100, the holders of which are not entitled to notice of or to vote at this Annual Meeting.

The Company does not know of any person who owns of record or beneficially more than 10% of the Company's Common Stock. However, the Company has been advised by Lincoln First Bank of Rochester (the "Bank") that it acts as trustee under various instruments for some twenty accounts which hold an aggregate 118,058 shares of the Company's Common Stock and that it has the discretion to vote 100,372 of such shares. While the bank has further advised that many of the beneficiaries and grantors of these trusts are related, no current officer or director of the Company is a grantor or beneficiary of such trusts.

Exhibit A Attached to Counterclaim.

PROPOSED AMENDMENT TO THE BYLAWS CLASSIFYING THE BOARD OF DIRECTORS

The Board of Directors has unanimously recommended an amendment to the Company's bylaws which would provide for the classification of directors. If this proposed classification of directors is approved by the stockholders, the stockholders at the April 1975 Annual Meeting will elect four of the nominees for a three-year term, three nominees for a two-year term and four nominees for a one-year term. Thereafter, the stockholders will elect approximately one third of the Board, rather than the entire Board, at each annual meeting. Every director who is elected after this initial classification will serve for a term of three years.

As required by the proposed amendment to the bylaws and as indicated in the section of this Proxy Statement dealing with the election of directors, each of the eleven management nominees, if elected, will hold office for a term of one to three years. In no event may any person be nominated for more than one of the classified terms.

Assuming the approval of this amendment, any vacancy created in the Board of Directors, except in the case of the removal of a director with or without cause by the stockholders, may be filled by action of the Board. However, any person so named shall serve only until the next annual meeting of stockholders and will not be classified unless re-elected by the stockholders at such annual meeting.

In the opinion of management, the proposed classification will facilitate the Company's long range planning processes and policies, provide continuity to the Board's standing committees, and will assist the Company in establishing defenses to open market purchase takeovers.

Management urges you to vote FOR the proposed amendment to the bylaws.

The affirmative vote of a majority of the Company's common shares present and voting at the Annual Meeting will be required to adopt this amendment to the Company's bylaws.

If the stockholders adopt this amendment, Article II, Section 3 of the existing bylaws will be deleted and the following three sections will be added in its place. Existing Section 4 et seq. will be renumbered.

Section 3. The directors shall be classified with respect to the terms for which they shall severally hold office by dividing them into three classes, each consisting of one-third (1/3) of the whole number of the Board of Directors, or, if such number shall not be a multiple of three, then such division shall be as nearly equal as the total number of directors will permit. The term of office of the first class shall expire at the first annual meeting of the Corporation subsequent to their election, the term of office of the second class shall expire at the second annual meeting subsequent to their election and the term of office of the

third class shall expire at the third annual meeting subsequent to their election. At the first annual meeting at which directors are classified, each person nominated as a director shall be specifically nominated as a candidate to the first class, the second class or the third class, and no person shall be nominated as a candidate for more than one class. At each annual meeting after the election of the first classified Board, directors shall be elected for a term of three years to replace those whose terms expire. Notwithstanding anything to the contrary herein contained, at no time shall the number of directors of any class be less than three (3).

Section 4. If at anytime the number of directors is increased or decreased, any newly created directorships or any decrease in directors shall be apportioned among the classes as to make all classes as nearly equal in number as possible. In the event of a decrease, one or more directors shall be reclassified by vote of a majority of the Board, if such action is required to balance the classes of directors, even though this may have the effect of shortening the term of office to which such director was elected by the stockholders.

Section 5. Vacancies in the Board of Directors created for any reason, except the removal of a director or directors with or without cause by the stockholders, may be filled by a majority vote of the remaining directors at any meeting, although such majority is less than a quorum. Any directors elected by the Board to fill vacancies shall hold office until the next annual meeting of stockholders, and there shall be no classification of such directors elected by the Board until the next annual meeting of stockholders.

ELECTION OF DIRECTORS

A Board of Directors consisting of eleven directors is to be elected by the stockholders. Each director's term of office shall be determined as follows:

If the stockholders adopt the proposed amendment to the Company's bylaws providing for the classification of directors, each nominee, if elected, shall hold office for the term set opposite his name as set forth in the table below and until his successor is elected or appointed and qualifies.

If the stockholders do not adopt the proposed amendment, each nominee, if elected, shall hold office until the next annual meeting of stockholders and until his successor is elected or appointed and qualifies.

Unless authority is specifically withheld, a signed Proxy will be voted FOR the election of the nominees named herein, all of whom are presently directors of the Company. The votes represented by such proxies may be cumulated to elect the maximum number of such nominees. If at the time of the

Exhibit A Attached to Counterclaim.

meeting any of the nominees shall have become unavailable for any reason, the persons entitled to vote the Proxy will vote for such substitute nominee or nominees as they, in their discretion, shall determine. No circumstances are known which would render any nominees named unavailable.

Name	Principal Occupation	Director Since	Assuming Proposed Amendment is Adopted Term Will Expire	Approximate Amount of Stock Beneficially Owned as of January 24, 1975 (1) Common	Preferred
Ralph J. Wrenn	Chairman of the Board of Directors; Retired	1947	1976	5,566	
Douglas M. Johnson	President and Chief Executive Officer of the Company	1974	1978	100	
Alonzo R. Acosta	Executive Vice President and General Manager of the Western Division of the Company	1967	1977	2,544	
George S. Beinetti	President, Rochester Telephone Corporation	1965	1977	50	
Philip S. Ehrlich, Jr.	Attorney, Ehrlich, Allison & Rovens, San Francisco, California; Counsel to the San Francisco Division of the Company	1970	1977	2,000	
John W. Remington	Attorney, Counsel to Remington, Gifford, Williams and Frey, Rochester, New York	1951	1976	700 (2)	
William B. Webber	Chairman of the Board and Chief Executive Officer, Lincoln First Bank of Rochester	1972	1978	10 (2)	✓
Donald W. Davis	Executive Vice President, Davis, Skaggs & Co., Inc; Investment Bankers, San Francisco, California.	1973	1978	1,000 (3)	
William C. Warren III	President, Rochester Truck Rental Inc.	1973	1978	200 (4)	(4)
George R. Williams	Attorney, Counsel to Wiser Shaw Freeman VanGraafeiland Harter & Secrest, Rochester, New York	1973	1976	100	
Frank L. Paganini	Partner, Paganini Estates—Land Development, San Francisco, California	1974	1976	3,830 (5)	

Exhibit A Attached to Counterclaim.

(1) Based on information furnished by or on behalf of the director concerned.

(2) William B. Webber, Chairman of the Board and Chief Executive Officer of Lincoln First Bank of Rochester and John W. Remington, a member of the Advisory Board of that bank, disclaim beneficial ownership of any shares held of record by that bank.

(3) Excludes any shares from time to time owned of record in the trading accounts of Davis, Skaggs & Co., Inc. Mr. Davis disclaims beneficial ownership of any shares so owned.

(4) Excludes 8,054 shares of Common Stock and 68 shares of Preferred Stock owned of record or beneficially by Jessica W. Warren, the wife of Mr. William C. Warren III. Mr. Warren disclaims beneficial ownership of all the shares owned of record or beneficially by his wife.

(5) Includes 3,630 shares held in trusts for which Mr. Paganini acts as trustee or executor for his grandchildren.

Frank L. Paganini was elected a director by the Board of Directors in November 1974. Mr. Paganini served as an Executive Vice President of Diamond International Corporation of San Francisco, a printing company, from January 1962 to March 1974 and is presently a partner of Paganini Estates, a land development business in San Francisco.

REMUNERATION AND TRANSACTIONS WITH MANAGEMENT

The following information is given with respect to the direct remuneration and certain retirement benefits paid by the Company and its subsidiary for services in all capacities during the fiscal year ended December 31, 1974 to (i) each officer and director of the Company whose aggregate direct remuneration exceeded $40,000 and (ii) the officers and directors as a group.

Name of Individual or Identity of Group	Capacities in Which Remuneration was Received	Aggregate Direct Remuneration	Retirement Amounts set aside or accrued during fiscal year 1974 (1)	Estimated Annual Benefits Upon Normal Retirement Date (1)
Douglas M. Johnson	President and Chief Executive Officer of the Company	90,000 (2)	- 0 -	18,750
Alonzo R. Acosta	Executive Vice President and General Manager of the Western Division of the Company	72,000 (3)	31,249	30,000
Jack M. Hill	Vice President and General Manager of the Eastern Division of the Company	44,583 (3)	2,395	16,400
All Officers and Directors as a Group (16 Persons)		395,901 (4)	58,252	105,575

Exhibit A Attached to Counterclaim.

(1) The Company's Retirement Income Plan is funded by both contributions of the Company and the employee. The indicated amount set aside for each named employee for 1974 consists only of the Company's contribution to the Plan and an amount accrued under his employment agreement retirement provisions where applicable. The estimated annual retirement benefits are based upon the joint contributions to date, a normal retirement date of age 65, and are derived in part from an actuarial computation to which there is added any additional benefits available under applicable employment agreements and retirement policies.

(2) Includes an accrued bonus of $30,000, the maximum bonus for which Mr. Johnson was eligible in 1974, as provided for in his Employment Agreement. Mr. Johnson is eligible for an annual bonus in 1975 and 1976 in an amount equal to 5% of net profit before tax, as defined therein, in excess of $1,636,000, but in no event more than $37,500 in each such year. The Agreement provides the parties shall establish a bonus plan for 1977 which reflects Mr. Johnson's services and contribution over the term of the Agreement to increases in after-tax profits. Under the Agreement, Mr. Johnson is entitled to an annual salary of $60,000 in 1974 and $75,000 in each of the next succeeding three years. The Employment Agreement is automatically renewed for one-year periods thereafter on the same terms unless either party shall give ninety days notice of termination.

(3) Includes with respect to Mr. Acosta, a bonus for 1973 in the amount of $2,000 which was paid during 1974 and a bonus of $10,000 in 1974. Mr. Hill's compensation includes a bonus of $1,000 for 1973 paid during 1974 and a bonus of $3,000 in 1974. These bonuses are awarded by the Board of Directors pursuant to an informal bonus plan. Similar bonuses are also awarded to other key employees.

(4) While Mr. Wrenn, former President and Chief Executive Officer, does not receive any compensation for his services as Chairman of the Board, he is receiving payments under the Retirement Income Plan, a $1,660 per month supplement to that income pursuant to the terms of his prior Employment Agreement with the Company and an additional $1,000 per month until February 1976 under the terms of another agreement.

The Company has employment agreements with four officers including Messrs. Johnson and Acosta.

In addition to the base salary and bonus set forth in footnote (2) to the table above, Mr. Johnson is entitled to certain other benefits as follows: (a) In the event of total disability, full salary for a period of one year and thereafter an amount which when added to payments received under the Company's long-term disability plan and other statutory plans will equal 50% of his base salary; (b) In the event of retirement at age 62-64 with the Company's consent or at age 65, a life-time retirement in an annual amount equal to 2.5% of average base salary during the three highest years of the five years preceding

retirement times his number of years of service less annual benefits under the Retirement Income Plan (see footnote (1) to the table above); (c) In the event of any other termination after the beginning of 1978, retirement benefits shall be reduced by .5% for each month between such termination and age 65; (d) In the event of death prior to age 65 while employed, Mr. Johnson's widow is entitled to an amount equal to one-half of his then annual base salary. Mr. Johnson's Employment Agreement further specifies that during its term, he shall be retained as President and elected as a director and that the Agreement may be terminated by the Company during its initial term for the lesser of his base salary due thereunder or $150,000. Termination in other circumstances would result in Mr. Johnson receiving up to 50% of his salary until age 65. Non competition provisions are effective if Mr. Johnson terminates the agreement.

The employment agreements for Mr. Acosta and the other two officers provide benefits as follows:

(a) If such employee continues in the employ of the Company and becomes physically disabled from performing his duties, the Company will pay him full salary for the period of one year and thereafter during continuance of such disability 50% of his salary until such employee reaches age 65. Thereafter, the Company will pay such employee annually during continuance of his disability such amount, which when added to the employee's Social Security benefits and the amount he receives from the Company's Retirement Income Plan will result in a combined payment equal to 40% of such employee's salary at the time his disability began; (b) If such employee continues in the employ of the Company until age 65, the Company will pay him each year for the remainder of his life an amount which when added to the employee's Social Security benefits and the amount he receives under the Company's Retirement Income Plan will result in an combined payment to him equal to 50% of his annual salary at the time of his retirement. Such payments are subject to performance by the employee of an agreement on his part that he will not engage in any employment or enterprise in competition with the business of the Company, and that following retirement he will on request serve the Company in an advisory or consultative capacity; (c) If such employee dies while in the employ of the Company before reaching age 65, the Company will pay to his widow an amount equal to two years of his salary at the time of his death, payable to her in equal monthly installments over a period of 10 years or until her death should such event sooner occur; (d) If such employee continues in the employ of the Company until he reaches age 65, the Company will thereafter upon his death pay to his widow $5,000 per year payable in equal monthly installments for a period of 5 years or until her death should such event sooner occur. These contracts also incorporate a provision whereby certain payments are due where there is a termination resulting from merger or acquisition or the termination of the employee prior to the date he becomes eligible for the benefits set forth in said agreement.

During 1974 to the date hereof, the Company granted options under its Qualified Stock Option Plan for an aggregate 32,100 shares to all of its officers and directors as a group. All of these options are exercisable at a price of $4.63 per share, the fair market value on the date of their grant. Of these options, 15,000 were granted to Mr. Johnson, 4,500 to Mr. Acosta and 2,000 to Mr. Hill. During this

Exhibit A Attached to Counterclaim.

same period, all officers and directors as a group exercised options for an aggregate 2,883 shares at an average exercise price of $4.63 per share, a total exercise price of $13,378.29. The aggregate market price of the shares acquired, computed by adding the market prices as reported by a member of the National Association of Securities Dealers, Inc. on each date of exercise, was $14,092.

On July 2, 1974, the Company and Alonzo R. Acosta, a director and Vice President, pleaded "Nolo Contendere" to an alleged violation of Section 1 of the Sherman Anti-Trust Act relating to price fixing, all specified in indictments filed in the United States District Court for the Northern District of California under the names *United States of America v. Stecher-Traung-Schmidt Corporation* and *United States of America v. A. R. Acosta*. The plea of "Nolo Contendere," while not constituting a plea of "guilty," allows sentencing by a court as though a guilty plea had been entered. The Company was fined $55,000 and Mr. Acosta received a three month suspended sentence, one year probation, a $5,000 fine and is required to make an oral presentation of the circumstances and his involvement in the case before twelve civic or other groups. In addition, he must submit a written report to the District Court describing each presentation. Mr. Acosta has not been indemnified against nor reimbursed for this fine, but was reimbursed for legal fees amounting to $7,500. Based upon the same facts giving rise to the above indictments, the Company has also been charged with contempt of court for violating a 1942 Consent Decree concerning price fixing in the label printing industry. No disposition has yet been made for the contempt charge. In 1973, the Company and several other defendants settled a civil suit, also based on the same facts, for a total cost, including expenses, of approximately $1,070,000 resulting in a charge against prior period income, net of estimated tax benefits, of $514,000. The Company has established an affirmative anti-trust compliance procedure involving all of its relevant employees to prevent any future basis for alleged violations of the Sherman Act.

Mr. Philip S. Ehrlich, Jr., a director of the Company, is a member of the firm of Ehrlich, Allison & Rovens which represented the Company in this anti-trust matter. Legal services were billed by this firm to the Company for this and other representation.

Mr. William B. Webber, a director of the Company, is Chairman of the Board and Chief Executive Officer of Lincoln First Bank of Rochester (the "Bank"). Mr. John W. Remington, also a director of the Company, is a member of the Advisory Board of that Bank. The Bank is a depositary of the Company, a transfer agent for the Company's Common Stock and Preferred Stock (5% Cumulative) and a source of short term borrowings. During 1974, the Company paid the Bank interest on all of those borrowings amounting to approximately $48,000. In the opinion of management, the Company's commercial dealings with Lincoln First Bank of Rochester are on terms as favorable as those available from other third party banks.

Exhibit A Attached to Counterclaim.

SELECTION OF INDEPENDENT AUDITORS

The Board of Directors has selected the firm of Coopers & Lybrand as auditors for the Company for the fiscal year ending December 31, 1975. Coopers & Lybrand or its predecessors has served the Company as auditors since 1936.

This selection will be presented to the stockholders for approval or rejection at the Annual Meeting. If the stockholders do not approve this selection, the Board of Directors will reconsider its choice.

The Company has been advised by that firm that they are independent public accountants as defined by the Securities and Exchange Commission in its rules and regulations. The firm has further advised the Company that a representative will be present at the Annual Meeting and will be available to respond to appropriate questions.

The members of the Audit Committee of the Board of Directors are Donald W. Davis, George R. Williams and George S. Beinetti.

OTHER

As of the date of this Proxy Statement, management does not intend to present, and has not been informed that any other person intends to present, any matter other than those specifically referred to in this Proxy Statement. If any other matters properly come before the meeting, it is intended that the holders of the Proxies will act in respect thereto in accordance with their best judgment.

The cost of this solicitation of Proxies will be borne by the Company. The solicitation will be primarily by mail. Some of the officers and regular employees of the Company, without extra remuneration, may solicit proxies personally or by telephone, telegraph or cable. The Company has also contracted with Skinner & Co. of San Francisco to solicit proxies for the fee of $2,500 plus expenses, estimated at $1,000.

The Company will request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of shares registered in their names and will reimburse such persons for any reasonable expense incurred in such assistance.

BY ORDER OF THE BOARD OF DIRECTORS

G. William Fahey
Secretary

Dated at Rochester, New York
March 17, 1975

Affidavit in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunctions.

(4)

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

Copy served on Payment at his office 4/14/75.—

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M.A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

CIVIL ACTION NO. 75-131

AFFIDAVIT IN OPPOSITION TO MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY AND PERMANENT INJUNCTIONS

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

M.A. SELF, being duly sworn, deposes and says:

1. I reside at 444 East 4th Street, Hinsdale, Illinois and I am President and Chairman of the Board of Bee Chemical Company. This Affidavit is submitted by me in opposition to Plaintiff's Motion for a Temporary Restraining Order and Preliminary and Permanent Injunctions.

2. On July 12, 1973 I and Arthur S. Hecker, Vice Chairman of Bee Chemical Company, first met with Thomas Roulston, President of Roulston & Company, Inc. Prior to that time, Bee Chemical Company had studied various companies as potential merger candidates. The primary criterion was to find a company which, when combined with Bee, would result in a company which would benefit both companies, which in turn meant that each of the companies needed to bring something important to the other. At the July 12, 1973 meeting, we advised Mr. Roulston of Bee Chemical Company's interest in seeking a suitable merger. We later identified

Stecher-Traung-Schmidt Corporation ("STS") as a possible candidate and expressed our interest in developing further information. In the case of STS and Bee Chemical Company, Bee Chemical Company is a company with a strong technology base in the field of coatings, inks, printing and coating of plastic film, including a process of making transfer labels, which includes all of the basic ingredients involved in the conventional printing process. STS has a strong position in the conventional label market and has a broadly based sales operation, as well as good graphics, art, and printing capability, which could be better utilized by shifting part of STS's emphasis to more premium and proprietary-type markets involving Bee Chemical Company's technology along with Bee Chemical Company's product and market development capabilities. In early September, we advised Roulston of Bee Chemical Company's interest in taking a position in STS's common shares. We advised at that time Bee Chemical Company had in mind allocating $100,000 for the purchase of STS shares. Thereafter, Bee Chemical Company placed orders to purchase up to an aggregate of 39,000 shares (representing no more than 4.85%) of common stock of STS with Roulston & Company, Inc. during the period September 11, 1973 to January 28, 1974. Attached hereto as Exhibit A are customer confirmation and statements of such purchases. Bee Chemical Company has made no other purchases of STS common stock.

3. Neither I nor Arthur S. Hecker, Vice Chairman of Bee Chemical Company, own individually any shares of STS common stock.

4. At no time has there been any discussion, agreement, arrangement or understanding between Bee Chemical Company (or any person employed by, associated with or acting for or with Bee Chemical Company) and any other person, that Bee Chemical Company, together with such other person, would either directly or indirectly acquire, hold, vote, dispose of or otherwise deal in or with shares of common stock of STS as a partnership, limited partnership, syndicate or other group.

5. The sole arrangement or agreement entered into by Bee Chemical Company with regard to STS was for Roulston & Company, Inc. to approach the management of STS for purposes of exploring the possibility of a merger of the two companies, and to purchase for Bee Chemical Company 39,000 shares (4.85%) of STS common stock.

6. Neither Roulston & Company, Inc. nor any other person was directed or authorized by or on behalf of Bee Chemical Company to acquire for any purpose shares of common stock of STS, other than the 39,000 shares owned by Bee Chemical Company.

7. Neither Thomas Roulston nor Roulston & Company, Inc. had ever represented Bee Chemical Company in connection with any acquisition or other matter regarding Bee Chemical Company. In fact I had not even met Thomas Roulston prior to my meeting with him on July 12, 1973.

8. Neither I, nor any person associated with me or Bee Chemical Company, had any knowledge that additional shares of STS common stock were purchased through Roulston & Company, Inc. until

some time after the completion on January 28, 1974 of the purchase of the 39,000 shares for Bee Chemical Company and then I only learned that purchases were made but I did not know who the purchaser or purchasers were or how much was purchased. At no time did Thomas Roulston or any one else disclose to me, and I am still presently unaware of, the identity of such customer or customers. I did not believe that Thomas Roulston or Roulston & Company, Inc. owned such shares beneficially or had complete discretion with regard to such shares.

9. Prior to April 2, 1974, neither I nor anyone on behalf of Bee Chemical Company, except Thomas Roulston, had any contact, discussion or meeting with any officer or director of, or anyone representing STS. To my knowledge, the name of Bee Chemical Company was not brought to the attention of STS, its management or anyone representing STS, by Thomas Roulston or anyone else, until shortly before the April 2, 1974 meeting.

10. On April 2, 1974, I, Arthur S. Hecker and Thomas Roulston met with Douglas M. Johnson, Ralph J. Wrenn, Donald Davis and Philip S. Ehrlich, Jr. of STS at the offices of STS in San Francisco, California. The purpose of the meeting was to discuss the possibility of a merger between STS and Bee Chemical Company. At this meeting we emphasized the value which we felt would exist in such a merger for both companies. We delivered to the STS representatives three documents, dated April 1, 1974 entitled "Conditions Facing Bee," "Conditions Facing STS," and "Rationale for Merger," which were presented by Roulston & Company, Inc.,

and one document, dated March, 1974, entitled "Bee Chemical," which had been prepared by Bee Chemical Company, but not specifically for the meeting with STS. We were advised that the STS Board would consider the matter and advise us whether they would enter into serious negotiations with Bee Chemical Company for a pooling-of-interests merger. It was agreed that if the STS Board accepted further exploring of this idea, that Ehrlich and Davis would visit Bee Chemical Company in Lansing, Illinois on April 18, 1974, the day following a Board Meeting and an Annual Meeting of STS to be held in Rochester on April 17, 1974. It was also agreed that Johnson would visit Bee Chemical Company. The date was uncertain as to when he could fit it into his schedule but it was agreed that it should be as soon as practical. It was my impression that the STS representatives were generally receptive to considering the merger proposal as a result of the meeting.

11. With regard to the Annual Meeting of Stockholders of STS, held on April 17, 1974, Bee Chemical Company, as beneficial owner, voted its 39,000 shares of STS common stock at this meeting in accordance with STS management's proposals. Neither I, nor anyone connected with Bee Chemical Company, to my knowledge, had any discussion or communication with Thomas Roulston or anyone connected with Roulston & Company, Inc. with regard to the voting of any other shares of STS common stock at this meeting, any other meeting, or at any other time.

12. From April 2, 1974, until the STS Board of Directors meeting held on July 17, 1974, at which the merger proposal

between Bee Chemical Company and STS was rejected by STS, STS, in my view, expressed considerable interest in the proposed merger and led me to believe that they were not taking a negative view toward it. Pursuant to the April 2, 1974 meeting discussed above, two of the directors of STS, Philip S. Ehrlich, Jr. and Donald W. Davis, in the course of returning on April 18, 1974 from the Annual Meeting of Stockholders of STS, held in Rochester, New York, on April 17, 1974, visited the offices of Bee Chemical Company in Lansing, Illinois to tour the facilities and to further discuss the merger proposal and again there was no implication that they were taking a discouraging view toward such a merger. Furthermore, on April 23, 1974, Douglas M. Johnson, President of STS, also visited the offices of Bee Chemical Company in Lansing, Illinois to discuss the proposed merger and to tour the facilities of Bee Chemical Company in Lansing. In addition, Douglas M. Johnson, subsequently on May 22, 1974 visited the facilities of Bee Chemical Company in Union City and Fairfield, New Jersey and discussed products, markets and, in general, the business of Bee Chemical Company.

13. At the request of Thomas Roulston, during the consideration of the merger proposal by STS, it was felt that the representation of Bee Chemical Company by Roulston and Company, Inc. be defined. In this regard, attached hereto as Exhibits B and C are letters, dated April 19, 1974 and May 2, 1974, respectively, between Bee Chemical Company and Thomas Roulston indicating

that Roulston & Company, Inc. was being retained by Bee Chemical Company to develop a merger or acquisition for Bee Chemical Company with another company, including, among other possibilities, STS, pursuant to certain guidelines set forth in the May 2, 1974 letter. As is indicated by the letters, dated April 19, 1974 and May 2, 1974, neither I nor Bee Chemical Company had any intention or undertook any action to aggregate or pool in any manner shares of STS common stock. In fact my letter, dated May 2, 1974, clearly indicates that Bee Chemical Company had not determined that STS was the only possible merger candidate, and that it was willing to consider other possibilities.

14. On September 17, 1974, I visited the offices of STS in Rochester, New York. In the morning, I met with Mr. Johnson and some of the other Rochester staff reviewing some of their plans and touring the STS Rochester facilities. At lunch, I met with Johnson and STS Directors Warren, Webber, Benetti, Remington and, perhaps, Williams. At this meeting, I indicated that I was disappointed we had not agreed to proceed with investigating a merger but emphasized it was not the objective of this visit to renew this request, although we would be open to the idea of discussing it should they change their view. I then expressed my concern, as a holder of 39,000 common shares, whether the company was being managed in the best interests of the shareholders. I noted the company's very low return on equity and indicated that, while I was by no means suggesting a liquidation of the company in that I

did not feel this would be in the best interest of the stockholders, it nonetheless appeared evident that the stockholders' interests would be better served by such an alternative rather than continuing along the lines the company had been following. At no time did I suggest that the operations of STS be discontinued or moved. I indicated strongly that I felt there were directions in which the company should be moving to improve the earnings on the equity invested if the interest of the stockholders was to be appropriately served. I expressed serious concern about the performance of the Directors and management, particularly those who had been directors for more than two years since the profit performance of the company did not indicate their direction of the company had resulted to the best interest of the stockholders. I specifically expressed disappointment with the information I had been given in the morning discussions regarding the company's plans to make large investments in both plant and very expensive printing equipment designed merely to carry on with the company's custom printing operations against heavy competition, which would necessitate a continutation of the low margins and low profits. I urged that the company not dissipate its cash resources in this way which would lead them into a locked-in position and thereby eliminate alternatives now open to them to utilize their investment capacity in either expanding existing more profitable lines or moving into new areas, such as transfer label printing, etc. I stated that I felt that approval by the

Board of the investments which had been discussed with me in the morning would mean that the Board was derelict in their duties to the shareholders.

15. I also requested at the September 17, 1974 meeting to be named as a director noting that Bee Chemical Company held more shares in STS than all of the directors combined. I did not make a "demand" and I did not say that I would otherwise run for office. I felt I could bring directly or indirectly to STS an added value since at that time it did not appear that any outside director had any background in printing or related technologies.

16. At the request of Douglas M. Johnson, President of STS, I and Arthur S. Hecker met with him and Donald W. Davis, a director of STS, on October 17, 1974, in Chicago, Illinois. At that time, Johnson indicated that the Board had rejected my request to be named as a director of STS. The number of shares of STS held by Bee Chemical Company may have been mentioned at this meeting, but no surprise was indicated by the STS representatives since they were aware of the shareholdings of Bee Chemical Company at least as early as the September 17, 1973 meeting with them, if not before, since the transfer to Bee Chemical Company should have been noted in their stock records. The shares had not been transferred to the name of Bee Chemical Company prior to the rejection of the merger proposal since I wanted to maintain a friendly posture with respect to STS management and I wanted them to consider the merits of the merger, which I felt were considerable, without their thinking being clouded by the Bee Chemical

Company stockholdings. I again made clear that as a stockholder Bee Chemical Company was concerned with the direction STS was presently pursuing. Upon inquiry by Johnson and Davis regarding what Bee Chemical Company planned to do with its shares and interest in STS, I indicated that at that time Bee Chemical Company had not decided, but that there were obviously three choices; to continue to hold the STS shares, to sell the STS shares, or to take action to buy additional STS shares. I did not refer to aggressive action by Bee Chemical Company. At this meeting, I do not recall any specific question regarding Roulston & Company, Inc. or Thomas Roulston directed by the STS representatives to either me or Arthur S. Hecker.

17. On November 15, 1974, I and Arthur S. Hecker met with William C. Warren, an outside director of STS, at O'Hare Airport in Chicago, Illinois. I indicated that Bee Chemical Company had an interest in acquiring in a private sale a minimum of 100,000 shares at a purchase price of approximately $7.00 to $7.50 per share, and that I was talking to him not as a member of the Board of STS, but as an individual who I assumed had associations with other stockholders of STS. I did not assume that he represented individually 100,000 shares, since I didn't know how many shares he represented. I had approached him because other than as a director of STS, he was not a member of management of STS and I assumed that he would be guided by the benefit of the price offered for the shares and not by other considerations.

18. At the November 15, 1974 meeting with William C. Warren, we discussed the direction of business of STS. I did not compare Bee Chemical Company to Avery Industries, but I stated, as I had on at least three different occasions, that Bee Chemical Company and STS combined could be another Avery together.

19. The conversation with William C. Warren on November 15, 1974 and a subsequent conversation with him in January, 1975, involved a great deal of give and take on both sides. He asked whether Bee Chemical Company was willing to sell its shares. I replied that Bee Chemical Company was willing to sell its shares and that it only depended on the price. I did not say that Bee Chemical Company would not sell its shares or be defeated. One of Bee Chemical Company's interests, at this point, was to buy a substantial block of shares. Warren stated that he would get back to us in two weeks with a response to our offer, or an offer for our shares. He did not call until January. At that time he indicated that he had received no interest in our offer. I indicated that we would be interested in hearing a counter proposal. I said that were Bee Chemical Company to offer $25 a share I am sure they would jump at it, so there must be some price at which they would sell. He again made inquiry of our interest in selling and said that he would get back to us.

20. In February, 1975, I was contacted by STS with regard to the information requested by STS's counsel by its letter dated January 20, 1975. I stated that I had turned the matter over to

my counsel and that I was not then in a position to make any comment since I had not received their reply.

21. On March 27, 1975, I, Arthur S. Hecker and Patrick Callahan of Kidder, Peabody & Co., Inc., Chicago, Illinois, pursuant to a telephone call between me and Douglas M. Johnson earlier in the week, met with Messrs. Johnson, Williams and Warren of the STS Board of Directors in Rochester, New York, and proposed that they consider a cash acquisition of STS by Bee Chemical Company. Although we did not discuss a specific price or make an offer, since we wanted to keep the matter of price open for discussion, assuming the STS Board agreed to negotiate, reference was made to the acquisition prices in similar circumstances averaging 35% to 50% over the bid market price which would translate to a price in the range of $6.50 per share in the case of STS. We reiterated why we thought that a combination of the two companies was desirable. We emphasized that it was our intent and desire to make such an acquisition based on the cooperation of STS management. We stated that Bee and its management had spent all of their lives in building a business and it was certanly our every intention to continue along these lines. As further evidence of this, we called attention to the purchase by Bee Chemical Company of the Roll Leaf Division of Howmet and how this division had grown and prospered since it had been acquired by Bee Chemical Company and that it had been continued under essentially the same management that had existed prior to the purchase. Since STS was having a Board

meeting that afternoon, we indicated that we would like to have the Board decide that they were agreeable to entering into serious negotiations with Bee Chemical Company.

22. On March 31, 1975, I telephoned Douglas M. Johnson and was advised that the Board, after much discussion, had not come to a conclusion and were planning to meet again on April 3, 1975, at 4:00 p.m. On April 4, 1975, I was informed by Johnson, that he was authorized to advise us that the Board of Directors of STS was disinclined to enter into any negotiations with Bee Chemical Company. I then inquired of Mr. Johnson whether we were to interpret the Board's response as an invitation to suggest a specific dollar price. He repeated the statement authorized by the Board and I responded by stating a specific dollar price of $8.00 per share subject, however, to the cooperation of management and the approval of at least 66-2/3% of the STS shareholders. I further stated that the STS Board was probably obligated under the securities laws to make public disclosure of this matter to its shareholders. Mr. Johnson replied by stating that he would discuss this matter with counsel to STS.

23. On April 5, 1975, I was advised by my counsel that STS counsel had requested a clarification of my conversation with Mr. Johnson of the day before, specifically, I was informed that STS counsel inquired whether I had requested STS Board to act as the agent of Bee Chemical Company to make a formal public tender offer

to STS shareholders. In order to insure that there would be no misinterpretation of my remarks, I telephoned Mr. Johnson in Rochester on April 6, 1975 in San Francisco and expressly stated it was not my intention or request that the STS Board act as our agent for such purpose. I also made clear that Bee Chemical Company was prepared to make an offer to all STS shareholders at $8.00 per share if, and only if, management would cooperate with Bee Chemical Company. This proposal was also conditioned on receiving at least 66-2/3% agreement of STS shareholders. In response to these discussions, which at all times were undertaken by me in good faith, management and the Board of Directors instituted the present legal proceedings.

24. Neither Bee Chemical Company nor I have, during the past nine years, acquired a number of companies whose operations have been closed down, liquidated or moved.

25. At no time has Bee Chemical Company owned or controlled, itself or jointly with others, more than 39,000 shares of STS common stock, i.e., more than 4.85% of said stock. At no time have I, individually or on behalf of Bee Chemical Company, made a public solicitation of STS shares. We are and have been aware of the filing requirements of the Securities Exchange Act of 1934 and are and have been prepared to comply fully with such requirements if and when they become applicable to us.

26. I am aware of no facts which would support the claim of STS that STS, its shareholders and the investing public have

suffered substantial irreparable or any injury. In this connection, certain allegations contained in the Complaint contend that I and Bee Chemical Company failed to disclose "essential information". Bee Chemical Company was not and is not a member of any group, as alleged in the Complaint. Regarding Bee Chemical Company itself, representatives of management and the Board of Directors of STS were provided with materials and information (and were permitted to inspect our facilities) relative to the identity and background of the Company, its management, its business and its financial statements. Our intentions with respect to a possible combination of Bee Chemical Company and STS and the manner in which it was proposed to be accomplished were stated in various meetings with STS representatives. Changes in the operation of STS which we were considering and proposing were also discussed with STS representatives. In addition the very nature of our conversations with STS made clear that we had no intention of selling any substantial assets of STS or liquidating it or replacing management.

27. Since STS intends to hold its Annual Meeting of Stockholders on April 30, 1975, for the election of directors and other STS management proposals, including a classification of its Board of Directors into three staggered terms of office, (a copy of the STS Proxy Statement is attached as Exhibit D hereto), Bee Chemical Company will suffer substantial and irreparable harm if the Temporary Restraining Order is continued or the requested Prelim-

inary Injunction granted since Bee Chemical Company would be prohibited from voting its 39,000 STS shares at this meeting, would be prohibited, if it chooses to do so, from voting its shares in opposition to management's proposal to classify STS's Board of Directors (which proposal, if adopted, would have the effect of disenfranchising Bee Chemical Company and other minority shareholders from voting for directors, other than those proposed by incumbent management), would sustain a dimunition in the value of the STS shares owned by Bee Chemical since the restrictions on such shares will cause the loss of the most fundamental rights incident to beneficial ownership of securities, would cause injury to the business reputation of the individual defendants and Bee Chemical Company, and would impede Bee Chemical Company's ability to pursue other acquisition opportunities should it choose to do so.

M.A. Self

Sworn to before me this 11th day of April, 1975.

Notary Public

My Commission Expires October 8, 1975

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

60-600

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	114-21190	.10	[illegible]2-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLE DATE
500		STECHER TRAUNG SCHMIDT CORP.	7.375	1/25/74	2/01/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,687.50	93.71			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,781.21

OK/Mgr

FEE CHEMICAL COMPANY
ATTN. ARTHUR S. BECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90156300

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A

171
Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

60445

MKT	C	CUSTOMER NO.	REP	SECURITY NO.
OTC	1	1142119[illegible]	.10	[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
90		STECHER TRAUNG SCHMIDT CORP.	7.460	1/23/74	2/04/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
671.40				

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		671.40

OK/[illegible]

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

7865433

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT

MKT	A	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	853042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLE DATE
300		STECHER TRAUNG SCHMIDT CORP.	7.250	1/23/74	2/04/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
2,175.00	53.85			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		2,223.85

OK/ mr

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT

MKT	∘	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142[illegible]100	.10	[illegible]042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
400		STECHER TRAUNG SCHMIDT CORP.	7.125	1/28/74	2/04/74

OK Hoge

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
2,850.00	71.76			

INTEREST DATES	PLUS ACCRUED INTEREST	
		2,921.76

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

60347

MKT	C	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	858042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
60		STECHER TRAUNG SCHMIDT CORP.	7.625	1/24/74	1/31/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
457.50				

INTERST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		457.50

OK/MB

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

7865433

Pd 1/29/74

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

60[illegible]

MKT.	⊘	CUSTOMER NO.	REP	SECURITY NO.
OTC	1	11[illegible]1190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
4,200		STECHER TRAUNG SCHMIDT CORP.	7.250	1/21/74	1/2[illegible]

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	[illegible]
30,450.00	472.80			

INTEREST DATES	PLUS ACCRUED INTEREST	
		30,92[illegible]

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

OK

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

60[illegible]

MKT.	⊘	CUSTOMER NO.	REP	SECURITY NO.
OTC	1	11421190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
1,200		STECHER TRAUNG SCHMIDT CORP.	7.375	1/21/74	1/2[illegible]

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	[illegible]
8,850.00	136.68			

INTEREST DATES	PLUS ACCRUED INTEREST	
		8,98[illegible]

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

OK

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

59741

MKT.	○	CUSTOMER NO.	REP.	SECURITY NO
OTC	1	11421190	.10	858042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHNIDT CORP.	7.125	1/09/74	1/16/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
712.50	22.72			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE US
		735.22

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

00135400

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	1142[illegible]30	.10	25 042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
200		STECHER TRAUNG SCHMIDT CORP.	7.125	1/07/74	1/14/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,425.00	45.44			

INTEREST DATES	PLUS ACCRUED INTEREST	
		1,470.44

OK/Wer

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

80172400

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CONFIRMATION & STATEMENT

59652

MKT	C	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142119O	.19	[illegible]2042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
19		STECHER TRAUNG SCHMIDT CORP.	10.500	1/04/74	1/11/74

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
199.50				

INTERESTS DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		199.50

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

OK/Mz

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

7865433

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Pd 1/9/74

19
7.5
95
133
1425

199.50
142.50
57.00

ASH

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT 59202

MKT		CUSTOMER NO.	REP	SECURITY NO.
OTC	1	114-11[illegible]8	JO	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
100		STECHER TRAUNG SCHMIDT CORP.	7.125	12/23/73	1/07/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
712.50	22.72			

INTEREST DATES	PLUS ACCRUED INTEREST	[illegible]
		735.22

LEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90146700

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

OK/Mgr

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

[illegible]

180

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

59164

MKT	S	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
100		STECHER TRAUNG SCHMIDT CORP.	7.125	12/27/73	1/04/74

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
712.50	22.72			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		735.22

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90101600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

59119

MKT	S	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
1,100		STECHER TRAUNG SCHMIDT CORP.	7.125	12/26/73	1/03/74

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
7,837.50	180.02			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		8,017.52

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

53009

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421120	.10	[illegible]42-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
200		STECHER TRAUNG SCHMIDT CORP.	7.125	12/24/73	1/02/74

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,425.00	45.44			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,470.44

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60439

90109800

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216) 696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

58321

MKT		CUSTOMER NO.	REP	SECURITY NO.
OTC	1	11421100	.10	35[illegible]042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLE DATE
100		STECHER TRAUNG SCHMIDT CORP.	[illegible].000	12/12/73	12/19/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
700.00	22.44			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		722.44

REE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90135400

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

[illegible] COPY

183

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

58249

MKT	○	CUSTOMER NO	REF	SECURITY NO
OTC	1	1142112?	.10	853012-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
400		STECHER TRAUNG SCHMIDT CORP.	7.125	12/11/73	12/18/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
2,850.00	78.82			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		2,928.82

FEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

184

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

58176

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	858042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHMIDT CORP.	7.125	12/10/73	12/17/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
712.50	22.72			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		735.22

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90146700

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

OK/Mc

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUS...

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

58175

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	858042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHMIDT CORP.	7.125	12/10/73	12/17/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
712.50	22.72			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		735.22

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90048100

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

OK/Mc

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUS...

185

Exhibit A Attached to Affidavit.

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-2770
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

5:003

MKT	○	CUSTOMER NO	REP	SECURITY NO
[illegible]	1	11,211-00	[illegible]10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
[illegible],000		STECHER TRAUNG SCHMIDT CORP.	7.500	12/07/73	12/12/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
35,000.00	577.30			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		35,577.30

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. BECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57933

MKT		CUSTOMER NO.	REP	SECURITY NO.
[illegible]	1	[illegible]	[illegible]	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLING DATE
200		STECHER TRAUB SCHIFF CORP.	7.375	12/04/73	12/11/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
137.50	23.27			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		160.77

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90143100

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57827

MKT.		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
300		STECHER TRAUNG SCHMIDT CORP.	7.375	12/03/73	12/10/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
2,212.50	56.25			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		2,268.75

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90153500

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57826

MKT.		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
200		STECHER TRAUNG SCHMIDT CORP.	7.375	12/03/73	12/10/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
1,475.00	37.50			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,512.50

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90185100

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57752

MKT	⊕	CUSTOMER NO	REP	SECURITY NO
OTC	1	114-1130	.10	83-042-11-3

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
12M		STECHER TRAVIS SUB IDT CORP.	1.625	11/30/73	12/07/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
976.00				

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		976.00

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

7865433

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57588

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	853043-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.375	11/29/73	12/05/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,475.00	39.91			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,514.91

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

90109800

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57587

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	853043-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.375	11/29/73	12/05/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,475.00	39.90			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,514.90

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57439

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	258042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,000		STECHER TRAUNG SCHMIDT CORP.	7.375	11/26/73	12/03/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
7,375.00	154.54			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		7,529.54

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

ROULSTON & CO., INC. IS A MARKET MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SER

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57438

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	258042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
500		STECHER TRAUNG SCHMIDT CORP.	7.375	11/26/73	12/03/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,687.50	77.25			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,764.75

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90190500

ROULSTON & CO., INC. IS A MARKET MAKER IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57381

MKT	⁰	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142119	.10	85[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.375	11/23/73	11/30/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,475.00	45.54			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,521.54

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90109800

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

57167

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	114211 20	•10	[illegible]42-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible] DATE
600		STECHER TRAUNG SCHMIDT CORP.	7.375	11/20/73	11/26/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
4,425.00	107.61			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		4,532.61

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

[illegible]OULSTON & CO., INC. IS A
[illegible] IN THIS SECURITY.

90041600

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT 57120

MKT	C	CUSTOMER NO	REP	SECURITY NO
OTC	1	1143119	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,900		STECHER TRAUNG SCHMIDT CORP.	7.375	11/19/73	11/27/73

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
14[illegible]12.50	230.73			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		14,293.23

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERV

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57061

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	850042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,000		STECHER TRAUNG SCHMIDT CORP.	7.375	11/16/73	11/26/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
7,375.00	162.56			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		7,537.56

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90041600

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

57060

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	850042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.375	11/16/73	11/26/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,475.00	32.52			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,507.52

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90135400

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

195
Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56914

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	85042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHMIDT CORP.	7.375	11/14/73	11/21/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
737.50	23.27			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		760.77

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

90109300

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56966

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	85042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
400		STECHER TRAUNG SCHMIDT CORP.	7.375	11/15/73	11/23/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
2,950.00	79.91			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,029.91

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

90135400

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT

MKT.	⊘	CUSTOMER NO	REP	SECURITY NO
OTC	1	114-1199	-19	33[illegible]042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
34		STECHER TRAUNG SCHMIDT CORP.	7.700	11/09/73	11/16/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
261.80				

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		261.80

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

7865433

OK/Wgr

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56622

M	e	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421130	.10	25[illegible]2-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.375	11/08/73	11/15/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,475.00	46.54			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,521.54

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 6043[illegible]

90184100

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

OK/MG

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

198
Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56495

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	85-062-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,700		STECHER TRAUNG SCHMIDT CORP.	7.375	11/06/73	11/13/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
12,537.50	256.27			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		12,793.77

SEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

ROULSTON & CO., INC. IS A [illegible] IN THIS SECURITY.

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA ● CLEVELAND OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56456

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142[illegible]90	.10	[illegible]2-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETT. (NET) DATE
2,000		STECHER TRAUNG SCHMIDT CORP.	7.500	11/05/73	11/13/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
15,000.00	253.38			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		15,253.38

PEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY

OK/WR

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

56455

MKT.	*	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142[illegible]00	.10	358042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
2,000		STECHER TRAUNG SCHMIDT CORP.	7.375	11/05/73	11/13/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
14,750.00	253.20			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		15,003.20

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

90111800

ROULSTON & CO., INC. IS A
MARKET-MAKER IN THIS SECURITY.

OK/mcg

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56412

MKT	C	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142190	.10	85042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT
2,000		STECHER TRAUNG SCHMIDT CORP.	7.500	11/02/73	11/12/73

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
15,000.00	295.55			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		15,295.55

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET MAKER IN THIS SECURITY.

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56375

MKT		CUSTOMER NO.	REP	SECURITY NO.
OTC	1	114[illegible]00	.11	[illegible]-10-7

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible] DATE
600		STECHER TRAUNG SCHMIDT CORP.	7.525	11/01/73	11/09/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
4,575.00	109.10			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		4,684.10

SEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

[illegible] & CO. INC. A

90111800

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

56282

MKT		CUSTOMER NO	REP	SECURITY NO
TC	1	1142119[illegible]	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
700		STECHER TRAUNG SCHMIDT CORP.	7.625	10/31/73	11/08/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
5,337.50	122.85			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		5,460.35

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. BECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A
MARKET-MAKER IN THIS SECURITY.

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVI[illegible]

204

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56180

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421130	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
500		STECHER TRAUNG SCHMIDT CORP.	7.750	10/30/73	11/07/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,875.00	86.92			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,961.92

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

P0111800

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56179

MKT.		CUSTOMER NO	REP.	SECURITY NO
OTC	1	11421130	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
500		STECHER TRAUNG SCHMIDT CORP.	7.625	10/30/73	11/07/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,812.50	86.95			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,899.45

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

P0111800

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

56097

MKT	C	CUSTOMER NO	REP	EXHIBIT NO
[illegible]	1	[illegible]	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
500		STECHER TRAUNG SCHMIDT CO.P.	7.750	10/29/73	11/05/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
3,875.00	95.57			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,970.57

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

SEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

206

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	352042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETT. DATE
33		STECHER TRAUNG SCHMIDT CORP.	7.750	10/26/73	11/02/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
255.75	10.47			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		266.22

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90185100

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

CUSTOMER CONFIRMATION
& STATEMENT

56028

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	352042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETT. DATE
200		STECHER TRAUNG SCHMIDT CORP.	7.750	10/26/73	11/02/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,550.00	33.30			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,583.30

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90185100

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

58029

MKT		CUSTOMER NO	REP	SECURITY NO
OTC	1	11421180	.10	[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,000		STECHER TRAUNG SCHMIDT CORP.	7.750	10/26/73	11/02/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC. FEE	POSTAGE
7,750.00	166.46			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		7,916.46

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

208

Exhibit A Attached to Affidavit.

[redacted] COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

55970

MKT	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	11421190	.10	[illegible]042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	
1,500		STECHER TRAUNG SCHMIDT CORP.	7.375	10/25/73	11/01/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
11,812.50	239.56			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		12,052.06

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

209

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

55926

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	1147[illegible]20	.10	[illegible]042-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
1,000		STECHER TRAUNG SCHMIDT CORP.	7.875	10/24/73	10/31/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
7,875.00	175.81			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		8,050.81

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111600

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216) 696-3070
TELEX 98-0102 CABLE ADDRESS ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

55309

MKT		CUSTOMER NO.	REP	SECURITY NO.
OTC	1	114 1150	.10	[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHMIDT CORP.	7.375	10/22/73	10/29/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
737.50	24.37			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		311.87

EEE CHEMICAL COMPANY
ATTN. ARTHUR S. BECKER
2709 EAST 170 STREET
LANSING, ILLINOIS 60438

90010100

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

& STATEMENT 55514

MKT		CUSTOMER NO	REP	SECURITY NO
[illegible]	1	[illegible]	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
200		STECHER TRAUNG SCHMIDT CORP.	7.750	10/15/73	10/[illegible]/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
1,550.00	44.17			

INTEREST DATES	PLUS ACCRUED INTEREST	[illegible]
		1,594.17

BER CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

90153500

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

[illegible] COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT 55513

MKT		CUSTOMER NO	REP	SECURITY NO
[illegible]	1	[illegible]	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	[illegible]
100		STECHER TRAUNG SCHMIDT CORP.	7.750	10/15/73	10/[illegible]/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
775.00	22.03			

INTEREST DATES	PLUS ACCRUED INTEREST	[illegible]
		797.03

BER CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

90030800

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-010 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION
& STATEMENT

54693

MKT	○	CUSTOMER NO	REP	SECURITY NO
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
[illegible]		STOCKER TRADING CONSULT CORP.	7.[illegible]00	10/01/73	10/[illegible]/73

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
1,500.00	47.[illegible]			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		1,547.[illegible]

DEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
[illegible] EAST 170 STREET
LANSING, ILLINOIS 60438

OK/Mer

90153300

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

54645

MKT		CUSTOMER NO	REP	SECURITY NO
1		[illegible]	[illegible]	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
3,086		STERLING DRUG INC CAP CORP.	[illegible]	9/20/73	10/04/73

PRINCIPAL	COMMISSION	N Y STATE TAX	SEC FEE	POSTAGE
[illegible]				

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		[illegible]

[illegible] CHEMICAL COMPANY
ATTN: ARTHUR S. HECKER
2769 EAST 170 STREET
LANSING, ILLINOIS 60438

[redacted]

7665433

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVI

214

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

54505

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142119[illegible]	.10	[illegible]-10-[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
500		STECHER TRAUNG SCHMIDT CORP.	7.000	9/27/73	10/04/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,500.00	83.35			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,583.35

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90021900

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

54504

MKT.	○	CUSTOMER NO	REP	SECURITY NO
OTC	1	1142119[illegible]	.10	[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
500		STECHER TRAUNG SCHMIDT CORP.	7.000	9/27/73	10/04/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
3,500.00	83.40			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		3,583.40

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90111800

ROULSTON & CO., INC. IS A MARKET-MAKER IN THIS SECURITY.

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)-696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT 54318

MKT.	○	CUSTOMER NO.	REP.	SECURITY NO.
OTC	1	1142119	.10	[illegible]-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STECHER TRAUNG SCHMIDT CORP.	7.000	9/25/73	10/02/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
700.00	22.44			

INTERESTS DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		722.44

SEP 27 1973

[illegible] CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90166000

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

CUSTOMER COPY

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

54151

MKT.	○	CUSTOMER NO	RER	SECURITY NO
OTC	1	11421130	.10	[illegible]

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
50		STECHER TRAUNG SCHMIDT CORP.	7.230	9/21/73	9/28/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
361.50				

INTERVEST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		361.50

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

7865433

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

53366

MKT.	○	CUSTOMER NO.	REP.	SECURITY NO.
OTC	1	11421190	.10	85404?-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
100		STIEGHER TRAUNG SCHMIDT CORP.	7.000	9/11/73	9/15/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
700.00	17.70			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		717.70

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60438

90070100

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SE

ROULSTON & COMPANY, INC.

INVESTMENT PLAZA • CLEVELAND, OHIO 44114 (216)—696-3070
TELEX: 98-0102 CABLE ADDRESS: ROULSTON CO.
MEMBERS NEW YORK STOCK EXCHANGE

CUSTOMER CONFIRMATION & STATEMENT

53365

MKT.	○	CUSTOMER NO.	REP	SECURITY NO.
OTC	1	11421190	.10	85404?-10-4

YOU BOUGHT	YOU SOLD	SECURITY DESCRIPTION	PRICE PER SHARE	TRADE DATE	SETTLEMENT DATE
300		STIEGHER TRAUNG SCHMIDT CORP.	6.975	9/11/73	9/15/73

PRINCIPAL	COMMISSION	N.Y. STATE TAX	SEC FEE	POSTAGE
2,092.50	53.16			

INTEREST DATES	PLUS ACCRUED INTEREST	NET AMOUNT DUE
		2,115.66

BEE CHEMICAL COMPANY
ATTN. ARTHUR S. HECKER
2700 EAST 170 STREET
LANSING, ILLINOIS 60433

90111600

CUSTOMER COPY

WE THANK YOU FOR THIS OPPORTUNITY TO BE OF SERVICE

Exhibit A Attached to Affidavit.

Exhibit B Attached to Affidavit.

ROULSTON & COMPANY, INC.
MEMBER NEW YORK STOCK EXCHANGE, INC

INVESTMENT PLAZA • CLEVELAND, OHIO 44114
TELEPHONE: 216 696-3070 • TELEX: 98 0102
CABLE ADDRESS: ROULSTONCO

5 QUEEN STREET • MAYFAIR • LONDON, ENGLAND
TELEPHONE: 01-499-5755 • TELEX: 24908

April 19, 1974

Mr. M. A. Se[illegible]
Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Dear Al:

This is to confirm our understanding of the retention by Bee Chemical Company effective today of Roulston & Company, Inc. for investment banking advice as well as necessary research and associated action as deemed necessary. The primary purpose of our retention is to assist Bee Chemical Company in bringing about a merger with the Stecher-Traung-Schmidt Corporation. However, our work may be requested in other areas where a possible merger or acquisition might take place.

The compensation for our services will be a $20,000 retainer fee plus an additional fee of $60,000 should a merger between Bee Chemical Company and Stecher-Traung-Schmidt Corporation take place. In the event that another merger or activity is involved at a later date, the fee for our services will be discussed and agreed at that time.

You will find enclosed our bill for the initial retention fee of $20,000. You may rest assured that you will receive the best efforts of both myself and the other staff members at Roulston & Company, Inc.

Sincerely,

Tom

Thomas H. Roulston
President

THR:cg

Enclosure

Exhibit B

Exhibit C Attached to Affidavit.

BEE CHEMICAL COMPANY

Lansing, Illinois 60438
TWX 810-661-0661
Area Code 312 • GR 4-7000

M. A. BELF, President

May 2, 1974

Mr. Thomas H. Roulston
President
ROULSTON & COMPANY, INC.
Investment Plaza
Cleveland, Ohio 44114

Dear Tom:

We have received your letter of April 19 confirming our retaining your services. I feel we should clarify the definition of your activities as we see them.

As we discussed with you, our primary mission is to develop a merger or acquisition through which:

1. The current and/or future markets and directions of the two companies would be compatible and reinforced by the combining so as to facilitate strong future growth

2. BEE's technical and earning capability would serve to strengthen the other company

3. The debt to equity ratio of the combined companies would be significantly improved over the current BEE debt to equity ratio

4. I would personally end up as the controlling stockholder.

Some of the desirable characteristics of the other company include:

1. Fair to good liquidity

2. Compatible physical facilities

3. A strong equity base.

Stetcher-Traung-Schmidt has been proposed and this company certainly seems to qualify, but we should not exclude other possibilities at this time.

Exhibit C

Exhibit C Attached to Affidavit.

We are seeking your investment banking counsel in this endeavor, Tom, and consider that your retainer will cover developing alternatives, as may be indicated, so as to meet the primary goal. We are assuming this arrangement also includes the preparation of an analysis of BEE. We agree that if subsequent mergers or acquisitions beyond the one discussed above should develop at a later date, we will then discuss your fee structure for such additional work at that time.

In summary, Tom, we are saying that in retaining your firm, we do not feel we should be limited to just one possibility in accomplishing our stated goal.

Very truly yours,

M. A. Self

MAS:rs

Exhibit D Attached to Affidavit.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 N. Goodman St. • Rochester, N.Y. 14607

OFFICE OF THE
PRESIDENT

March 17, 1975

Dear Stockholder:

Our Annual Meeting this year will be on April 30, 1975 in San Francisco, the principal location of our Western Division. Many of our stockholders live in northern California and this meeting will afford them an opportunity to participate and to hear management reports on the growth of Stecher-Traung-Schmidt.

Results for 1974 were gratifying. Our financial statements indicated that earnings were approximately $1.03 per share, one of our best records in recent years. The Company's full audited financial statements are set forth in the Annual Report to Stockholders which has been mailed to you under separate cover. We enter upon 1975 with cautious optimism. As every stockholder knows, the national economy is suffering from reduced industrial activity in virtually every sector. Your management is making strenuous efforts to maintain a desirable level of sales activity at a reasonable profit margin. We are fortunate that a significant portion of our sales are generated by the printing of labels for the food and seed industries, areas which are resistant to economic decline.

We believe it is important for our stockholders to participate in the Annual Meeting. For those living near the place of the Annual Meeting, we welcome your attendance. For all stockholders we urge participation by reading the enclosed proxy materials and signing and mailing the proxy which accompanies these materials. A return envelope has been enclosed for your convenience.

D M Johnson

Douglas M. Johnson
President

Exhibit D

1

EXHIBIT D

Exhibit D Attached to Affidavit.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 North Goodman Street
Rochester, New York 14607

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To The Stockholders of
STECHER-TRAUNG-SCHMIDT CORPORATION

NOTICE IS HEREBY given that the Annual Meeting of Stockholders of STECHER-TRAUNG-SCHMIDT CORPORATION (the "Company") will be held in the Penthouse Board Room at the Wells Fargo Bank, 464 California Street, San Francisco, California on Wednesday, April 30, 1975 at 10:00 A.M. local time, for the following purposes more fully described in the accompanying Proxy Statement:

1. For consideration of and action upon a proposed amendment to the Company's bylaws providing for the classification of directors.

2. For the election of directors.

3. For consideration of and action upon a proposal to approve the selection of Coopers & Lybrand as independent auditors for the fiscal year ending December 31, 1975.

4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Please note that since the last annual meeting of stockholders, the Board of Directors has amended the bylaws. The following described amendments may be deemed to have the effect of "regulating an impending election of directors" and the following statement is provided to stockholders in accordance with the requirements of Section 601 (b) of the New York Business Corporation Law.

1. That part of Article I, Section 1 of the bylaws dealing with the date of the annual meeting of stockholders has been amended to provide that the annual meeting of stockholders shall be held during the month of April in each year on such day and at such time as shall be fixed by the Board of Directors. Pursuant to this bylaw, the Board of Directors has fixed April 30, 1975 at 10:00 A.M., local time, as the date and time of the Annual Meeting of Stockholders. The bylaw previously provided for such meeting to be held on the third Wednesday of April of each year at four o'clock in the afternoon.

Exhibit D Attached to Affidavit.

2. That part of Article I, Section 1 of the bylaws dealing with the number of directors has been deleted and restated under a new section which is designated as Article II, Section 2. Such section provides that the number of directors shall be set by action of the Board which number shall in no event be less than nine (9). The current number of directors and the number of directors to be elected at the Annual Meeting is eleven (11). Former Article II, Section 2 et seq. have been renumbered.

3. Article I, Section 4 of the bylaws has been amended to enable the Secretary of the Corporation to deliver notice of any meeting to each stockholder entitled to vote thereat either personally or by mail rather than exclusively by mail. Article I, Section 4 was further amended to enable the Secretary to deliver such notice not less than ten nor more than fifty days prior to the date of any meeting rather than within forty days as presently provided for. This change was made to conform to Section 605 of the New York Business Corporation Law.

4. Article I, Section 7 of the bylaws has been amended to enable the Board of Directors to set a record date for determining stockholders entitled to notice of and to vote at stockholder's meetings, which date shall be not less than ten nor more than fifty days prior to the meeting. This section formerly provided for a record date of not more than forty days prior to the meeting. This change has been made to conform to Section 604 of the New York Business Corporation Law.

5. Article I, Section 8 of the bylaws has been amended to enable the Board of Directors to appoint one or more inspectors of election prior to the annual meeting of stockholders rather than appointing a mandatory number of three at such annual meeting. If inspectors are not so appointed, the person presiding at the meeting may, and on the request of a stockholder entitled to vote thereat shall, appoint one or more inspectors.

The Board of Directors has fixed the close of business on March 12, 1975, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

G. William Fahey
Secretary

Dated at Rochester, New York
March 17, 1975

WHETHER OR NOT YOU WILL BE ABLE TO ATTEND THE MEETING IN PERSON, YOU ARE REQUESTED TO SIGN AND DATE THE ACCOMPANYING PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE.

Exhibit D Attached to Affidavit.

STECHER-TRAUNG-SCHMIDT CORPORATION
274 North Goodman Street
Rochester, New York 14607

PROXY STATEMENT

This Proxy Statement and the Proxy are being first sent or given to stockholders on approximately March 17, 1975, and are furnished in connection with the Annual Meeting of Stockholders of the Company, which will be held on Wednesday, April 30, 1975. The enclosed Proxy is solicited by the management of the Company and may be revoked at any time before it is exercised.

VOTING SECURITIES and CUMULATIVE VOTING

As of March 12, 1975, the record date for eligibility to vote, the Company's outstanding voting securities consisted of 806,931 shares of Common Stock par value $5.00. The holders of the Common Stock will be entitled to one vote per share on all matters to be considered at the meeting except that in the election of directors, each common stockholder will be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and he may cast all such votes for a single director or may distribute them among the number to be voted for, or any two or more of them as he may see fit.

As of March 12, 1975, the Company also had outstanding 9,417 shares of Preferred Stock (5% Cumulative) par value $100, the holders of which are not entitled to notice of or to vote at this Annual Meeting.

The Company does not know of any person who owns of record or beneficially more than 10% of the Company's Common Stock. However, the Company has been advised by Lincoln First Bank of Rochester (the "Bank") that it acts as trustee under various instruments for some twenty accounts which hold an aggregate 118,058 shares of the Company's Common Stock and that it has the discretion to vote 100,372 of such shares. While the bank has further advised that many of the beneficiaries and grantors of these trusts are related, no current officer or director of the Company is a grantor or beneficiary of such trusts.

Exhibit D Attached to Affidavit.

PROPOSED AMENDMENT TO THE BYLAWS CLASSIFYING THE BOARD OF DIRECTORS

The Board of Directors has unanimously recommended an amendment to the Company's bylaws which would provide for the classification of directors. If this proposed classification of directors is approved by the stockholders, the stockholders at the April 1975 Annual Meeting will elect four of the nominees for a three-year term, three nominees for a two-year term and four nominees for a one-year term. Thereafter, the stockholders will elect approximately one third of the Board, rather than the entire Board, at each annual meeting. Every director who is elected after this initial classification will serve for a term of three years.

As required by the proposed amendment to the bylaws and as indicated in the section of this Proxy Statement dealing with the election of directors, each of the eleven management nominees, if elected, will hold office for a term of one to three years. In no event may any person be nominated for more than one of the classified terms.

Assuming the approval of this amendment, any vacancy created in the Board of Directors, except in the case of the removal of a director with or without cause by the stockholders, may be filled by action of the Board. However, any person so named shall serve only until the next annual meeting of stockholders and will not be classified unless re-elected by the stockholders at such annual meeting.

In the opinion of management, the proposed classification will facilitate the Company's long range planning processes and policies, provide continuity to the Board's standing committees, and will assist the Company in establishing defenses to open market purchase takeovers.

Management urges you to vote FOR the proposed amendment to the bylaws.

The affirmative vote of a majority of the Company's common shares present and voting at the Annual Meeting will be required to adopt this amendment to the Company's bylaws.

If the stockholders adopt this amendment, Article II, Section 3 of the existing bylaws will be deleted and the following three sections will be added in its place. Existing Section 4 et seq. will be renumbered.

Section 3. The directors shall be classified with respect to the terms for which they shall severally hold office by dividing them into three classes, each consisting of one-third (1/3) of the whole number of the Board of Directors, or, if such number shall not be a multiple of three, then such division shall be as nearly equal as the total number of directors will permit. The term of office of the first class shall expire at the first annual meeting of the Corporation subsequent to their election, the term of office of the second class shall expire at the second annual meeting subsequent to their election and the term of office of the

Exhibit D Attached to Affidavit.

third class shall expire at the third annual meeting subsequent to their election. At the first annual meeting at which directors are classified, each person nominated as a director shall be specifically nominated as a candidate to the first class, the second class or the third class, and no person shall be nominated as a candidate for more than one class. At each annual meeting after the election of the first classified Board, directors shall be elected for a term of three years to replace those whose terms expire. Notwithstanding anything to the contrary herein contained, at no time shall the number of directors of any class be less than three (3).

Section 4. If at anytime the number of directors is increased or decreased, any newly created directorships or any decrease in directors shall be apportioned among the classes as to make all classes as nearly equal in number as possible. In the event of a decrease, one or more directors shall be reclassified by vote of a majority of the Board, if such action is required to balance the classes of directors, even though this may have the effect of shortening the term of office to which such director was elected by the stockholders.

Section 5. Vacancies in the Board of Directors created for any reason, except the removal of a director or directors with or without cause by the stockholders, may be filled by a majority vote of the remaining directors at any meeting, although such majority is less than a quorum. Any directors elected by the Board to fill vacancies shall hold office until the next annual meeting of stockholders, and there shall be no classification of such directors elected by the Board until the next annual meeting of stockholders.

ELECTION OF DIRECTORS

A Board of Directors consisting of eleven directors is to be elected by the stockholders. Each director's term of office shall be determined as follows:

If the stockholders adopt the proposed amendment to the Company's bylaws providing for the classification of directors, each nominee, if elected, shall hold office for the term set opposite his name as set forth in the table below and until his successor is elected or appointed and qualifies.

If the stockholders do not adopt the proposed amendment, each nominee, if elected, shall hold office until the next annual meeting of stockholders and until his successor is elected or appointed and qualifies.

Unless authority is specifically withheld, a signed Proxy will be voted FOR the election of the nominees named herein, all of whom are presently directors of the Company. The votes represented by such proxies may be cumulated to elect the maximum number of such nominees. If at the time of the

Exhibit D Attached to Affidavit.

meeting any of the nominees shall have become unavailable for any reason, the persons entitled to vote the Proxy will vote for such substitute nominee or nominees as they, in their discretion, shall determine. No circumstances are known which would render any nominees named unavailable.

Name	Principal Occupation	Director Since	Assuming Proposed Amendment is Adopted Term Will Expire	Approximate Amount of Stock Beneficially Owned as of January 24, 1975 (1) Common	Preferred
Ralph J. Wrenn ✓	Chairman of the Board of Directors; Retired	1947 ✓	1976	5,566	
Douglas M. Johnson ✓	President and Chief Executive Officer of the Company	1974	1978	100	
Alonzo R. Acosta ✓	Executive Vice President and General Manager of the Western Division of the Company	1967 ✓	1977	2,344	
George S. Beinetti	President, Rochester Telephone Corporation	1965 ✓	1977	50	
Philip S. Ehrlich, Jr.	Attorney, Ehrlich, Allison & Rovens, San Francisco, California; Counsel to the San Francisco Division of the Company	1970	1977	2,000	
John W. Remington	Attorney, Counsel to Remington, Gifford, Williams and Frey, Rochester, New York	1951 ✓	1976	700 (2)	
William B. Webber	Chairman of the Board and Chief Executive Officer, Lincoln First Bank of Rochester	1972	1976	10 (2)	✓
Donald W. Davis	Executive Vice President, Davis, Skaggs & Co., Inc; Investment Bankers, San Francisco, California.	1973	1978	1,000 (3)	
William C. Warren III	President, Rochester Truck Rental Inc.	1973	1978	200 (4)	(4)
George R. Williams	Attorney, Counsel to Wiser Shaw Freeman VanGraafeiland Harter & Secrest, Rochester, New York	1973	1976	100	
Frank L. Paganini	Partner, Paganini Estates—Land Development, San Francisco, California	1974	1976	3,830 (5)	

Exhibit D Attached to Affidavit.

(1) Based on information furnished by or on behalf of the director concerned.

(2) William B. Webber, Chairman of the Board and Chief Executive Officer of Lincoln First Bank of Rochester and John W. Remington, a member of the Advisory Board of that bank, disclaim beneficial ownership of any shares held of record by that bank.

(3) Excludes any shares from time to time owned of record in the trading accounts of Davis, Skaggs & Co., Inc. Mr. Davis disclaims beneficial ownership of any shares so owned.

(4) Excludes 8,054 shares of Common Stock and 68 shares of Preferred Stock owned of record or beneficially by Jessica W. Warren, the wife of Mr. William C. Warren III. Mr. Warren disclaims beneficial ownership of all the shares owned of record or beneficially by his wife.

(5) Includes 3,630 shares held in trusts for which Mr. Paganini acts as trustee or executor for his grandchildren.

Frank L. Paganini was elected a director by the Board of Directors in November 1974. Mr. Paganini served as an Executive Vice President of Diamond International Corporation of San Francisco, a printing company, from January 1962 to March 1974 and is presently a partner of Paganini Estates, a land development business in San Francisco.

REMUNERATION AND TRANSACTIONS WITH MANAGEMENT

The following information is given with respect to the direct remuneration and certain retirement benefits paid by the Company and its subsidiary for services in all capacities during the fiscal year ended December 31, 1974 to (i) each officer and director of the Company whose aggregate direct remuneration exceeded $40,000 and (ii) the officers and directors as a group.

Name of Individual or Identity of Group	Capacities in Which Remuneration was Received	Aggregate Direct Remuneration	Retirement Amounts set aside or accrued during fiscal year 1974 (1)	Estimated Annual Benefits Upon Normal Retirement Date (1)
Douglas M. Johnson	President and Chief Executive Officer of the Company	90,000 (2)	- 0 -	18,750
Alonzo R. Acosta	Executive Vice President and General Manager of the Western Division of the Company	72,000 (3)	31,249	30,000
Jack M. Hill	Vice President and General Manager of the Eastern Division of the Company	44,583 (3)	2,393	16,400
All Officers and Directors as a Group (16 Persons)		395,901 (4)	58,252	105,575

Exhibit D Attached to Affidavit.

(1) The Company's Retirement Income Plan is funded by both contributions of the Company and the employee. The indicated amount set aside for each named employee for 1974 consists only of the Company's contribution to the Plan and an amount accrued under his employment agreement retirement provisions where applicable. The estimated annual retirement benefits are based upon the joint contributions to date, a normal retirement date of age 65, and are derived in part from an actuarial computation to which there is added any additional benefits available under applicable employment agreements and retirement policies.

(2) Includes an accrued bonus of $30,000, the maximum bonus for which Mr. Johnson was eligible in 1974, as provided for in his Employment Agreement. Mr. Johnson is eligible for an annual bonus in 1975 and 1976 in an amount equal to 5% of net profit before tax, as defined therein, in excess of $1,636,000, but in no event more than $37,500 in each such year. The Agreement provides the parties shall establish a bonus plan for 1977 which reflects Mr. Johnson's services and contribution over the term of the Agreement to increases in after-tax profits. Under the Agreement, Mr. Johnson is entitled to an annual salary of $60,000 in 1974 and $75,000 in each of the next succeeding three years. The Employment Agreement is automatically renewed for one-year periods thereafter on the same terms unless either party shall give ninety days notice of termination.

(3) Includes with respect to Mr. Acosta, a bonus for 1973 in the amount of $2,000 which was paid during 1974 and a bonus of $10,000 in 1974. Mr. Hill's compensation includes a bonus of $1,000 for 1973 paid during 1974 and a bonus of $3,000 in 1974. These bonuses are awarded by the Board of Directors pursuant to an informal bonus plan. Similar bonuses are also awarded to other key employees.

(4) While Mr. Wrenn, former President and Chief Executive Officer, does not receive any compensation for his services as Chairman of the Board, he is receiving payments under the Retirement Income Plan, a $1,660 per month supplement to that income pursuant to the terms of his prior Employment Agreement with the Company and an additional $1,000 per month until February 1976 under the terms of another agreement.

The Company has employment agreements with four officers including Messrs. Johnson and Acosta.

In addition to the base salary and bonus set forth in footnote (2) to the table above, Mr. Johnson is entitled to certain other benefits as follows: (a) In the event of total disability, full salary for a period of one year and thereafter an amount which when added to payments received under the Company's long-term disability plan and other statutory plans will equal 50% of his base salary; (b) In the event of retirement at age 62-64 with the Company's consent or at age 65, a life-time retirement in an annual amount equal to 2.5% of average base salary during the three highest years of the five years preceding

Exhibit D Attached to Affidavit.

retirement times his number of years of service less annual benefits under the Retirement Income Plan (see footnote (1) to the table above); (c) In the event of any other termination after the beginning of 1978, retirement benefits shall be reduced by .5% for each month between such termination and age 65; (d) In the event of death prior to age 65 while employed, Mr. Johnson's widow is entitled to an amount equal to one-half of his then annual base salary. Mr. Johnson's Employment Agreement further specifies that during its term, he shall be retained as President and elected as a director and that the Agreement may be terminated by the Company during its initial term for the lesser of his base salary due thereunder or $150,000. Termination in other circumstances would result in Mr. Johnson receiving up to 50% of his salary until age 65. Non competition provisions are effective if Mr. Johnson terminates the agreement.

The employment agreements for Mr. Acosta and the other two officers provide benefits as follows:

(a) If such employee continues in the employ of the Company and becomes physically disabled from performing his duties, the Company will pay him full salary for the period of one year and thereafter during continuance of such disability 50% of his salary until such employee reaches age 65. Thereafter, the Company will pay such employee annually during continuance of his disability such amount, which when added to the employee's Social Security benefits and the amount he receives from the Company's Retirement Income Plan will result in a combined payment equal to 40% of such employee's salary at the time his disability began; (b) If such employee continues in the employ of the Company until age 65, the Company will pay him each year for the remainder of his life an amount which when added to the employee's Social Security benefits and the amount he receives under the Company's Retirement Income Plan will result in an combined payment to him equal to 50% of his annual salary at the time of his retirement. Such payments are subject to performance by the employee of an agreement on his part that he will not engage in any employment or enterprise in competition with the business of the Company, and that following retirement he will on request serve the Company in an advisory or consultative capacity; (c) If such employee dies while in the employ of the Company before reaching age 65, the Company will pay to his widow an amount equal to two years of his salary at the time of his death, payable to her in equal monthly installments over a period of 10 years or until her death should such event sooner occur; (d) If such employee continues in the employ of the Company until he reaches age 65, the Company will thereafter upon his death pay to his widow $5,000 per year payable in equal monthly installments for a period of 5 years or until her death should such event sooner occur. These contracts also incorporate a provision whereby certain payments are due where there is a termination resulting from merger or acquisition or the termination of the employee prior to the date he becomes eligible for the benefits set forth in said agreement.

During 1974 to the date hereof, the Company granted options under its Qualified Stock Option Plan for an aggregate 32,100 shares to all of its officers and directors as a group. All of these options are exercisable at a price of $4.63 per share, the fair market value on the date of their grant. Of these options, 15,000 were granted to Mr. Johnson, 4,500 to Mr. Acosta and 2,000 to Mr. Hill. During this

Exhibit D Attached to Affidavit.

same period, all officers and directors as a group exercised options for an aggregate 2,883 shares at an average exercise price of $4.63 per share, a total exercise price of $13,378.29. The aggregate market price of the shares so acquired, computed by adding the market prices as reported by a member of the National Association of Securities Dealers, Inc. on each date of exercise, was $14,092.

On July 2, 1974, the Company and Alonzo R. Acosta, a director and Vice President, pleaded "Nolo Contendere" to an alleged violation of Section 1 of the Sherman Anti-Trust Act relating to price fixing, all specified in indictments filed in the United States District Court for the Northern District of California under the names *United States of America v. Stecher-Traung-Schmidt Corporation* and *United States of America v. A. R. Acosta*. The plea of "Nolo Contendere," while not constituting a plea of "guilty," allows sentencing by a court as though a guilty plea had been entered. The Company was fined $35,000 and Mr. Acosta received a three month suspended sentence, one year probation, a $5,000 fine and is required to make an oral presentation of the circumstances and his involvement in the case before twelve civic or other groups. In addition, he must submit a written report to the District Court describing each presentation. Mr. Acosta has not been indemnified against nor reimbursed for this fine, but was reimbursed for legal fees amounting to $7,500. Based upon the same facts giving rise to the above indictments, the Company has also been charged with contempt of court for violating a 1942 Consent Decree concerning price fixing in the label printing industry. No disposition has yet been made for the contempt charge. In 1973, the Company and several other defendants settled a civil suit, also based on the same facts, for a total cost, including expenses, of approximately $1,070,000 resulting in a charge against prior period income, net of estimated tax benefits, of $514,000. The Company has established an affirmative anti-trust compliance procedure involving all of its relevant employees to prevent any future basis for alleged violations of the Sherman Act.

Mr. Philip S. Ehrlich, Jr., a director of the Company, is a member of the firm of Ehrlich, Allison & Rovens which represented the Company in this anti-trust matter. Legal services were billed by this firm to the Company for this and other representation.

Mr. William B. Webber, a director of the Company, is Chairman of the Board and Chief Executive Officer of Lincoln First Bank of Rochester (the "Bank"). Mr. John W. Remington, also a director of the Company, is a member of the Advisory Board of that Bank. The Bank is a depositary of the Company, a transfer agent for the Company's Common Stock and Preferred Stock (5% Cumulative) and a source of short term borrowings. During 1974, the Company paid the Bank interest on all of those borrowings amounting to approximately $48,000. In the opinion of management, the Company's commercial dealings with Lincoln First Bank of Rochester are on terms as favorable as those available from other third party banks.

Exhibit D Attached to Affidavit.

SELECTION OF INDEPENDENT AUDITORS

The Board of Directors has selected the firm of Coopers & Lybrand as auditors for the Company for the fiscal year ending December 31, 1975. Coopers & Lybrand or its predecessors has served the Company as auditors since 1936.

This selection will be presented to the stockholders for approval or rejection at the Annual Meeting. If the stockholders do not approve this selection, the Board of Directors will reconsider its choice.

The Company has recently been advised by that firm that they are independent public accountants as defined by the Securities and Exchange Commission in its rules and regulations. The firm has further advised the Company that a representative will be present at the Annual Meeting and will be available to respond to appropriate questions.

The members of the Audit Committee of the Board of Directors are Donald W. Davis, George R. Williams and George S. Beinetti.

OTHER

As of the date of this Proxy Statement, management does not intend to present, and has not been informed that any other person intends to present, any matter other than those specifically referred to in this Proxy Statement. If any other matters properly come before the meeting, it is intended that the holders of the Proxies will act in respect thereto in accordance with their best judgment.

The cost of this solicitation of Proxies will be borne by the Company. The solicitation will be primarily by mail. Some of the officers and regular employees of the Company, without extra remuneration, may solicit proxies personally or by telephone, telegraph or cable. The Company has also contracted with Skinner & Co. of San Francisco to solicit proxies for the fee of $2,500 plus expenses, estimated at $1,000.

The Company will request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of shares registered in their names and will reimburse such persons for any reasonable expense incurred in such assistance.

BY ORDER OF THE BOARD OF DIRECTORS

G. William Fahey
Secretary

Dated at Rochester, New York
March 17, 1975

Affidavit in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunctions.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M.A.SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

CIVIL ACTION NO. 75-131

AFFIDAVIT IN OPPOSITION TO MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY AND PERMANENT INJUNCTIONS

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

ARTHUR S. HECKER, being duly sworn, deposes and says:

1. I reside at 560 Woodside Avenue, Hinsdale, Illinois and I am Vice-Chairman of the Board of Bee Chemical Company. This Affidavit is submitted by me in opposition to Plaintiff's Motion for a Temporary Restraining Order and Preliminary and Permanent Injunction.

2. I have read and reviewed the Affidavit in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunction of M.A. Self submitted herewith. In all respects the statements in said Affidavit by M.A. Self, pertaining to Bee Chemical Company or to meetings or conferences in which it is stated in said Affidavit that I attended, are true.

3. Bee Chemical Company is the owner of 39,000 shares (representing no more than 4.85%) of common stock of Stecher-Traung-Schmidt Corporation ("STS").

Affidavit in Opposition to Motion for Temporary Restraining Order and Preliminary and Permanent Injunctions.

4. Neither I nor Mr. Self own individually any shares of STS common stock.

5. At no time has there been any discussion, agreement, arrangement or understanding between Bee Chemical Company (or any person employed by, associated with or acting for or with Bee Chemical Company) and any other person, that Bee Chemical Company, together with such other person, would either directly or indirectly acquire, hold, vote, dispose of or otherwise deal in or with shares of common stock of STS as a partnership, limited partnership, syndicate or other group.

6. The sole arrangement or agreement entered into by Bee Chemical Company with regard to STS was for Roulston & Company, Inc. to approach the management of STS for purposes of exploring the possibility of a merger of the two companies, and to purchase for Bee Chemical Company 39,000 shares (4.85%) of STS common stock.

7. Neither Roulston & Company, Inc. nor any other person was directed or authorized by or on behalf of Bee Chemical Company to acquire for any purpose shares of common stock of STS, other than the 39,000 shares owned by Bee Chemical Company.

ARTHUR S. HECKER

Sworn to before me this 11
day of April, 1975

s/ E.K. Vaughn
Notary Public

Motion to Dissolve Temporary Restraining Order.

(5)

Copy received on Pengrove at his office 4/14/75 HKD

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-vs-

M.A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

Defendants.

CIVIL ACTION NO.75-131
MOTION TO DISSOLVE TEMPORARY RESTRAINING ORDER

Now come the Defendants, M.A. Self, Bee Chemical Company and Arthur S. Hecker, by and through their attorneys in this regard, Hodgson, Russ, Andrews, Woods & Goodyear and Baker & McKenzie, and move this Court to vacate and dissolve the temporary restraining order entered against these Defendants by this Court on April 7, 1975. In support thereof, these Defendants state as follows:

1. That the Defendants, M.A. Self, Bee Chemical Company, Arthur S. Hecker, have not violated Section 13(d) or any rule or regulation under the Securities Exchange Act of 1934,

2. That, on information and belief, the number of shares of STS common stock issued and outstanding on December 31, 1973 was 804,048 shares and the number of such shares issued and outstanding on December 31, 1974 was 805,681 shares,

3. That the maximum number of shares beneficially owned at any time, and presently beneficially owned, by Bee Chemical Company is 39,000 shares which constitutes no more than 4.85% of the outstanding common stock of STS.

4. That the Defendants, M.A. Self and Arthur S. Hecker, do not and have not at any time owned any stock in the Plaintiff, STS,

5. That under the provisions of Section 13(d) of the Securities Exchange Act of 1934, only those persons who acquire beneficial ownership of 5% or more of the outstanding shares of a class of equity security which is registered under Section 12 of the Act are required to file, pursuant to said section, Schedule 13D,

6. That by reason of Bee's ownership of less than 5% of the common stock of STS, it is not required to file a Schedule 13D and there is no basis in fact for this Court's entry of the Temporary Restraining Order or any other relief against the Defendants,

7. That these Defendants have not at any time acted as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding, or disposing securities of STS within the meaning of Section 13(d)(3) or any other rule or regulation of the Securities and Exchange Commission,

8. That in support of this Motion these Defendants attach hereto and make a part hereof the Affidavit of M.A. Self.

Wherefore, these Defendants, M.A. Self, Bee Chemical Company and Arthur S. Hecker, respectfully pray that the temporary Restraining Order of April 7, 1975 be dissolved and that the Complaint of STS for Temporary and Permanent Injunctions be dismissed with prejudice and with costs awarded to these Defendants for their attorneys fees and expenses.

BAKER & McKENZIE

By Robert James Harris
Member of the Firm

Attorneys for Defendants
Office and Post Office Address
700 Prudential Plaza
Chicago, Illinois 60601
(312) 828-0400

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By /s/ Kenneth Schroeder Jr.
Member of the Firm

Attorneys for Defendants
Office and Post Office Address
1800 One M & T Plaza
Buffalo, New York 14203
(716) 856-4000

Affidavit in Support of Motion to Dissolve Temporary Restraining Order.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

- vs -

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

CIVIL ACTION NO. 75-131
AFFIDAVIT IN SUPPORT OF MOTION TO DISSOLVE TEMPORARY RESTRAINING ORDER

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

M. A. SELF, being duly sworn, deposes and says:

1. I reside at 444 East 4th Street, Hinsdale, Illinois and I am President and Chairman of the Board of Bee Chemical Company. This Affidavit is submitted by me in support of Defendant's, M. A. Self, Bee Chemical Company and Arthur S. Hecker, Motion to Dissolve the Temporary Restraining Order.

2. Bee Chemical Company is the owner of 39,000 shares (representing no more than 4.85%) of common stock of Stecher-Traung-Schmidt Corporation ("STS").

3. Neither I nor Mr. Hecker own individually any shares of STS common stock.

4. At no time has there been any discussion, agreement, arrangement or understanding between Bee Chemical Company (or any person employed by, associated with or acting for or with Bee Chemical Company) and any other person, that Bee Chemical Company, together with such other person, would either directly or indirectly acquire, hold, vote, dispose of or otherwise deal in or with

shares of common stock of STS as a partnership, limited partnership, syndicate or other group.

5. The sole arrangement or agreement entered into by Bee Chemical Company with regard to STS was for Roulston & Company, Inc. to approach the management of STS for purposes of exploring the possibility of a merger of the two companies, and to purchase for Bee Chemical Company 39,000 shares (4.85%) of STS common stock.

6. Neither Roulston & Company, Inc. nor any other person was directed or authorized by or on behalf of Bee Chemical Company to acquire for any purpose shares of common stock of STS, other than the 39,000 shares owned by Bee Chemical Company.

M. A. Self
M. A. SELF

Sworn to before me this
10th day of April, 1975

S/ Marilyn T. Linsbin
Notary Public

Affidavit of Thomas H. Roulston.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

Defendants.

CIVIL ACTION NO. 75-121

AFFIDAVIT OF THOMAS H. ROULSTON

STATE OF OHIO)
)
COUNTY OF CUYAHOGA)

Now comes Thomas H. Roulston and being first duly sworn deposes and says:

1. That he makes this affidavit in connection with a hearing on Plaintiff's motion for a preliminary injunction in the above captioned matter.

2. That he is, and for many years has been, President and chief executive officer of Roulston & Company, Inc., an Ohio corporation (the "Company"); that the Company is a brokerage firm engaged in a general securities brokerage business and is a member of the New York Stock Exchange, Inc. and other principal Exchanges. A large proportion of the Company's customers are institutional investors.

3. That the Company does not and for many years has not acquired or owned any securities for its own account or of which it is beneficial owner.

4. That the Company, pursuant to applicable rules of the New York Stock Exchange, Inc. and other governing agencies, holds securities for some of its customers in the name of the Company or in street form, solely for purposes of record ownership, but the Company's customers at all times are the beneficial owners of such securities.

5. That neither affiant, nor any member of affiant's family, nor to affiant's knowledge any Company employee or relative thereof, is now, or was at the time of the dates referred to in the Complaint, either record owner or beneficial owner of shares of Stecher-Traung-Schmidt Corporation ("S-T-S Corp.").

6. That Bee Chemical Company ("Bee Co.") has been a customer of the Company and shares of S-T-S Corp. were acquired for its account by the Company. As is customary, the record owner of the shares was the Company, but at all times beneficial ownership of the shares was in Bee Co.

7. That at no time did the Company hold in its name more than 5% of the outstanding shares of S-T-S Corp. which were beneficially owned by Bee Co.

8. That S-T-S Corp. stock was among investment opportunities suggested by the Company and affiant to other institutional investors, one of which, a European corporation, (not affiliated with any American companies) requested the Company to acquire for its beneficial ownership shares of S-T-S Corp. As is customary record ownership of such shares was in the name of the Company, but beneficial ownership was in the name of such foreign corporation.

9. That at no time did the Company hold in its name more than 5% of the shares of S-T-S Corp. which were beneficially owned by such foreign corporation.

10. That to affiant's knowledge, such foreign corporation did not know of Bee Co.'s ownership of S-T-S Corp.'s shares or even know of the existence of Bee Co., and acquired its shares after Bee Co. had acquired its shares.

11. That at no time did affiant advise Bee Co. of such foreign owner's acquisition of shares of S-T-S Corp. and to affiant's knowledge Bee Co. does not know the name of or any persons affiliated with such foreign corporation.

12. That there is not now and never has been any agreement, understanding or other arrangement of any kind between the Company, affiant, Bee Co. and/or such foreign corporation to act as a group, or in concert to acquire shares

of S-T-S Corp. or with respect to the voting of such shares.

13. That the Company at no time voted the S-T-S Corp. proxies with respect to the 1974 shareholders meeting, or otherwise, as inferred in the Complaint. In accordance with industry practice and consistent with the rules of the New York Stock Exchange, Inc. and other governing bodies, the Company, upon receipt of the proxy cards, copies of which are attached as Exhibit II to the Complaint, caused such cards to be signed at the bottom as record owner, and each card was sent separately to the respective beneficial owners of the shares, to vote such shares as they saw fit, with no recommendation whatsoever from the Company or affiant.

14. Affiant is familiar with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations thereunder and states that at no time has affiant or the Company ever violated such rule as alleged in the Complaint, or otherwise and that to affiant's knowledge no customer of the Company, or group of customers acting together, have ever acquired beneficial ownership of more than 5% of S-T-S Corp. stock.

Further affiant sayeth not.

Thomas H. Roulston

Thomas H. Roulston

SWORN TO before me and subscribed in my presence this 10th day of April, 1975.

Anne S. Youngert

Notary Public

ANNE D. YOUNGERT, Notary Public
City of [illegible], Ohio
My commission expires Dec. 27, 1976

Reply to Counterclaim of Counterplaintiff and Counterclaim.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

BEE CHEMICAL COMPANY,

Counterplaintiff,

-vs-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

CIVIL ACTION NO. 75-131

REPLY TO COUNTERCLAIM OF COUNTERPLAINTIFF AND COUNTERCLAIM

The counterdefendant, Stecher-Traung-Schmidt Corporation (hereinafter called "STS"), by its attorneys, Harter, Secrest & Emery, for its reply and counterclaim to the counterclaim of the counterplaintiff (hereinafter "Bee Chemical Company"), alleges and shows to the court as follows:

1. STS admits that Bee Chemical Company attempts to bring this counterclaim under Section 14(a) of the Securities Exchange Act of 1934 as amended (the "Act") and rules and regulations promulgated by the Securities and Exchange Commission; further answering STS specifically denies any violation of Section 14(a) of the Act.

2. STS admits that Bee Chemical Company attempts to bring its counterclaim on behalf of itself and all other stockholders of STS; further answering denies that Bee Chemical Company has proper standing to assert said counterclaim; and further answering denies that Bee Chemical Company is a proper party to represent all shareholders of STS.

3. STS admits the allegations of Paragraph 3 of the counterclaim of Bee Chemical Company.

4. STS admits the allegations of Paragraph 4 of the counterclaim of Bee Chemical Company.

5. STS admits the allegations of Paragraph 5 of the counterclaim of Bee Chemical Company.

6. STS admits that Bee Chemical Company is the beneficial owner of 39,000 shares of common stock of STS owned of record in its name; and further answering states on information and belief that Bee Chemical Company is the beneficial owner of approximately 25,200 shares owned beneficially by one or more persons who, with Bee Chemical Company, form the Bee-Self Group.

7. STS admits preparing and delivering to its stockholders a letter from its President dated March 17, 1975 and a document entitled Notice of Annual Meeting of Stockholders dated March 17, 1975 and a document entitled Proxy Statement dated March 17, 1975; further answering states that said documents speak for themselves.

8. STS denies the allegations contained in Paragraph 8 of the counterclaim of Bee Chemical Company; further answering states that the representatives of management and the Board of Directors of STS, during the period from April 2, 1974 to April 6, 1975 listened to proposals of the representatives of Bee Chemical Company for the merger of Bee Chemical Company and STS, or for the acquisition of STS by Bee Chemical Company; and further answering states that it received certain brochures, statements and analyses prepared by Bee Chemical Company and/or Thomas Roulston and/or Roulston & Company, Inc. upon their own initiative; and further states that said documents consist of Exhibits I and III to the Complaint of STS.

9. STS denies the allegations contained in Paragraph 9 of the counterclaim of Bee Chemical Company; further answering states that on April 4, 1975, Bee Chemical Company, in response to STS' refusal to discuss a prior cash tender offer stated that it was "here and now", "formally and officially", "hereby offering to purchase 66 2/3% of the STS stock at a price of $8.00 per share subject to management's and the Board's approval".

10. STS denies the allegations of Paragraph 10 of the counterclaim of Bee Chemical Company; further states that Sections 618 and 704 of the New York Business Corporation Law respecting cumulative voting and classification speak for themselves.

11. STS states that Section 16(a) of the Act and the rules and regulations and forms promulgated by the Securities and Exchange Commission speak for themselves.

12. STS admits that certain of its officers and directors have not yet filed reports required by Section 16(a) of the Act, which section speaks for itself; and further answering states that it became aware of this state of facts in February of 1975 and that, while not required by law to enforce compliance by the directors with such sections has (1) caused counsel in late February to draft a detailed memorandum of law concerning this obligation, for distribution to all officers and directors; (2) caused its counsel to solicit and aid, and counsel has aided, said officers and directors in the preparation of these reports; (3) caused counsel to advise the SEC of these deficiencies; (4) is now causing counsel to assist in the completion of these forms and their mailing in bulk to the

Securities and Exchange Commission, pursuant to its earlier conversations with the Staff of the Securities and Exchange Commission.

13. STS states that Bee Chemical Company attempts to predicate a claim under Section 14(a) of the Act, which section speaks for itself.

14. STS denies the allegations contained in Paragraph 14 of the counterclaim of Bee Chemical Company; further answering states:

(a) that it has had no discussions with Bee Chemical Company which could be fairly construed to constitute merger negotiations,

(b) that it has consistently, since July 17, 1974, refused to even entertain any such proposals,

(c) that no officers and/or directors were granted any options until October, 1974, well after the July 17, 1974 date upon which Bee Chemical Company says it was informed of STS's lack of interest,

(d) that no officer or director acquired any shares during 1974, except: 100 shares by Douglas Johnson on March 13, 1974; 100 shares by William Warren on February 26, 1974; 10 shares by James Brayer on July 17, 1974, 200 shares by Frank Pegannini on November 19, 1974 and 1,000 shares by Philip Ehrlich in December of 1974, none of which purchases occurred during the period of alleged negotiations.

(e) that the Board of Directors has not met, formally or informally, since April 4, 1974, the date of Bee Chemical's tender offer,

(f) that STS's President neither accepted or rejected, cooperated or refused to cooperate with Bee Chemical's cash tender but stated only that he would not discuss the matter,

(g) that the proposed classification of STS pursuant to Section 704 of the New York Business Corporation Law is fully consistent with the provision for cumulative voting pursuant to Section 618 of the New York Business Corporation Law and that a challenge to such classification on the basis of inconsistency cannot be successfully sustained under the laws of New York,

(h) that the failure of certain directors to file reports under Section 16(a) of the Act does not give rise to any affirmative obligation on the part of STS to enforce the provisions of Section 16(a) or to report such failure to the Securities and Exchange Commission, or to note such deficiency in its Proxy Statement,

(i) that the omission of these failures to file under Section 16(a) is not the omission of any material fact and that STS's only obligation in this respect is under Instruction #4 to Item 7(e) of Regulation 14A to report whether or not it knows of any short swing profits and whether or not it has or will take action to recover such profits,

(j) that upon information and belief no short swin profits have been generated by any combination of purchases and sales by such officers and directors and there is no material omission from STS proxy material based upon any provision of Section 16(a) of the Act.

15. STS denies the allegations contained in Paragraph 15 of the counterclaim of Bee Chemical Company; further answering states that to its knowledge its Proxy Statement complies fully with the requirements of Regulation 14A and the Rules and Regulations of the Securities and Exchange Commission and further that such materials have been cleared by the Staff of the Securities and Exchange Commission for use in proxy solicitation.

16. STS denies that Bee Chemical has stated any claim or basis for any claim which would form the basis for an equitable remedy against STS.

FIRST DEFENSE

17. The counterclaim of Bee Chemical Company fails to state a claim against STS upon which relief can be granted.

SECOND DEFENSE

18. Bee Chemical Company lacks legal standing to assert its counterclaim herein and is not a proper party to represent all shareholders of STS.

AS AND FOR A COUNTERCLAIM HEREIN STS, BY ITS ATTORNEYS, HARTER, SECREST & EMERY, ALLEGES AND SHOWS TO THE COURT AS FOLLOWS:

19. The allegations set forth in this counterclaim are based on a violation of Section 14d of the Act and Rule 14d-1 promulgated thereunder relating to the required filing of disclosure documents for any tender offer if any consummation thereof such person would, directly or indirectly, be the beneficial owner of more than 5% of any class of equity security registered pursuant to Section 12 of the Act.

20. Reference is made to the Complaint of STS filed herein. STS repeats and realleges each of the allegations set forth in Numbers 1 through 50 of its Complaint as though set forth in full herein.

21. On March 26, 1975 the defendant M.A. Self telephoned the President of STS and stated that since he was in Cleveland that day he wanted the opportunity to meet with the President and as many directors as possible on the morning of March 27. A breakfast meeting was agreed upon for the morning of March 27.

22. On March 27, 1975 the defendants Self, Hecker and a representative of Kidder, Peabody and Company of Chicago met with STS' President and outside STS directors George R. Williams and William Warren at the Holiday Inn. At this meeting the defendant Self advised STS and its directors that he was prepared to make a cash tender offer to the shareholders of STS and that he had arranged financing for

this purpose with some institutions. He further implied that Kidder, Peabody and Company, Inc. would manage the tender offer. The representative of Kidder, Peabody advised that the premium to be offered would be based upon an evaluation of the P/E ratio of companies in the printing industry and concluded by stating that it would be approximately 35% to 45% over the market price. The defendant Self further advised that he was requesting management's approval of this offer and wished its Board of Directors to take that matter up at their meeting later that day.

23. At the conclusion of the meeting on March 27, 1975 the defendant Self approached the President of STS and advised that he was willing to consider a higher price for the STS shares notwithstanding the range expressed by Kidder, Peabody and that he was flexible in this regard. The defendant Self reiterated that he expected to hear the Board's decision on this matter as to whether or not it would approve such an offer at the end of the day and offered to stay and meet with the Board personally.

24. On March 31, 1975 the defendant Self telephoned STS's President, requesting the Board of Directors' response to his proposal. The defendant Self asked if STS planned any announcements that it was considering approving his tender. He was advised that STS was not then considering any announcement of any type on this matter. When advised that the Board had scheduled another meeting and had not had

time to appropriately consider his request, the defendant Self advised STS's President that he would release the tender immediately without management's or the Board's concurrence if he felt the Board was delaying for time or intended to turn him down.

25. During this same telephone conversation on March 31 th[illegible]endant Self further advised that if the Board and m[illegible]agement were to conclude that they would recommend acc[illegible]cance by shareholders of the tender that it would then be really more advisable and practical for the Board to consider, in lieu of the tender, a cash merger. Defendant Self stated that his attorneys had advised him that the cash merger could be complete in approximately 12 weeks with a considerable savings of time and money for Bee Chemical.

26. On Friday, April 4, 1975 the defendant Self phoned STS's President and requested an answer concerning his cash tender. STS's President advised defendant Self that the Board was disinclined to comment upon or negotiate in any fashion with Bee Chemical Company. Defendant Self thereupon stated that he was "here and now" "formally and officially" advising STS's President that he was "hereby offering to purchase 66 2/3 of the outstanding shares of STS at a price of $8.00 per share" subject to the "support" of management and the Board of Directors. The defendant Self further advised STS's President that his counsel had advised him that STS was "required to immediately communicate that offer

to all of its shareholders and the public". STS's President requested Mr. Self to repeat his statements. Self again stated that he was "formally and officially", "here and now", "hereby making a cash tender to all of STS's shareholders at $8.00 a share for 66 2/3% of the outstanding stock subject to management's approval" and required "communication by STS to STS shareholders and the public".

27. Immediately upon terminating this discussion STS's President consulted with counsel and advised him of what had transpired including specifically the demand for communication to all of STS's shareholders. STS's counsel placed a call to Jack Beem of Baker & McKenzie, Chicago, Illinois, counsel to defendant Self and stated to Mr. Beem and his partner, Robert Gareis, that STS had no intention whatsoever of communicating an oral tender offer on behalf of Bee Chemical and M.A. Self which was devoid of the protections required by Section 14d of the 1934 Act and further that based upon STS's counsel knowledge no Schedule 13D or filing pursuant to Rule 14(d)(1) had been made with the SEC rendering such a communication illegal. STS's counsel stated he was making the call so that there would be no misunderstanding and Self would not rely on STS taking his tender to its shareholders. He was free to do as he chose subject only to applicable law.

STS' counsel further advised the defendant Self's counsel of the exact words which had been utilized--"formally and officially", "hereby make a cash tender to all of the

shareholders of Stecher-Traung-Schmidt Corporation" and requested information as to whether or not the requirements of Section 14(d) of the 1934 Act regulating such tenders had in fact been complied with. The question was not answered directly. Defendants' counsel requested time to speak with their client and the opportunity to speak again with STS' counsel. On Saturday, April 5, 1975 defendant Self's counsel advised counsel for STS that there had been a misunderstanding and that no formal and official tender was intended to be made and that the proposal was $8.00 per share for 100% of the outstanding stock of STS "if, and probably only if, the management of Stecher-Traung-Schmidt approved". Counsel for STS advised Self's counsel that this was not his understanding of the tender offer which had been made on the previous day but agreed to communicate counsel's interpretation to the management of STS.

28. On April 6, 1975 Defendant Self called STS's President to attempt to restate his earlier proposal and withdraw his request for a general shareholder and public communication concerning that proposal.

29. On information and belief Defendants Self, Bee and Kidder, Peabody consulted with and have the support of Defendants T. Roulston, Roulston & Company, the Other Defendants and the Bee-Self Group in these cash tenders.

30. On information and belief the cash tender has been and was planned by the Defendants and the Bee-Self Group during

the period September 1973 to the date hereof as part of its purchase of almost 8% of the STS outstanding common shares in furtherance of its intent to take control of STS.

31. Section 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 and 14d-3 thereunder require any person or "group" making a tender which would result in their beneficial ownership, directly or indirectly, of 5% or more of STS's common stock must file a Schedule 13D with the Securities and Exchange Commission and further a written notice which includes the additional material required under Rule 14d-1.

32. The purchase in the open market or by private solicitation by the Defendants after February 12, 1974 of additional shares of STS stock when they then owned beneficially more than 5% of the outstanding STS common stock and intended to acquire control of STS constituted a tender offer subject to Sections 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

33. The solicitation on November 15, 1974 of William Warren to purchase a minimum of 100,000 shares both alone and together with the other purchases constituted a tender offer subject to Section 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

34. The solicitation of the affirmative approval of the management of STS and its Board of Directors by the Defendants and the Bee-Self Group on March 27, 1974 while such Defendants and the Group owned already beneficially in

excess of 5% or more of STS then outstanding common stock constituted in itself a ". . .tender for, or a request or invitation for tenders . . ." of any shares of common stock owned by individual members of the Board or the management of STS within the coverage of Section 14(d)(1) and 14(d)(2) of the Act and Rule 14dl thereunder.

35. The solicitation and statements on Bee and Self on April 4, 1975 constituted a cash tender offer subject to Sections 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

36. On information and belief none of the Defendants, individually nor as the Bee-Self Group have filed with the Securities and Exchange Commission Schedule 13D and the information required by Rule 14d-1 respecting any of the above tender offers through the date hereof.

37. By their failure to file each Defendants Self, Bee, T. Roulston, Roulston & Company, the Other Defendants and the BeeSelf Group and Defendant Bidder by its assistance have intentionally concealed material information required under both Schedule 13D and Rule 14d-1 from the Securities and Exchange Commission, STS, STS's shareholders and the investing public, all in violation of the Act and the Rules thereunder.

38. By reason of this concealment and violations of the Act Defendants Bee, Self, T. Roulston, Roulston & Company, the Other Defendants, the Bee-Self Group have caused STS,

its shareholders and the investing public to suffer substantial and irreparable injury which will be greatly magnified and intensified if they are not immediately and permanently enjoined from pursuing said illegal plan and scheme.

39. Since the date when the Bee-Self Group became the beneficial owners of 5% or more of STS common stock STS, its shareholders, the investing public and the market in general have been deprived in contravention of the Act of essential information about the nature of the Bee-Self Group, including the identity and business background of its members; the source of funds being used for the tender; whether or not the Bee-Self Group or any individual member intends to take control of STS; whether it intends to merge STS with any other entity; whether it intends to make any changes in its operation; or sell any of its assets or liquidate it in whole or in part; whether it intends to replace management; and the number of shares which it intends to acquire, all of which would have been disclosed under statements filed and Rule 14d-1. By reason of failing to file by the Defendants STS shareholders and the investing public have been deprived of the protections designed for them by Sections 14(d)(5), 14(d)(6) and 14(d)(7).

40. By reason of being deprived of the information as aforesaid, STS's management, STS's shareholders, the investment community and the investing public have been unable,

for over thirteen months, to evaluate that information so as to intelligently determine whether a tender was being made and evaluate the tender's effect on the policy and operations of STS; whether the Bee-Self Group plans were in the best interests of STS; and whether they wished to purchase, retain or dispose of their interests in STS as a consequence of their evaluation of that information.

41. The conduct of the Bee-Self Group and the constituent members Defendants Bee, Self, T. Roulston, Roulston & Company, and the other Defendants will, if not enjoined

(a) result in a dislocation of the normal operations of STS, create uncertainty about its future control, its management, its policies and operations, and thereby disrupt, impede and otherwise dislocate the ordinary course of STS's business and its ability to pursue that business.

(b) severely affect the orderly market in the common stock of STS.

(c) result in an erosion in the confidence of the business community in general and in particular in the continuation of management so as to make more difficult, costly, or impossible borrowing for corporate purposes.

(d) result in an erosion in the confidence of the customers of STS in STS's ability to continue to provide the high levels of quality and reliability which are principal factors in attaining and maintaining its customers.

WHEREFORE, the counterdefendant, STS, prays that the counterplaintiff's, Bee Chemical Company, counterclaim be dismissed with prejudice and that STS be awarded attorneys' fees, costs and expenses and whatever additional relief as this court may deem just and proper; and in addition

WHEREFORE, Plaintiff STS prays

A. That the Court adjudge each of the Defendants Bee, Self, T. Roulston, Roulston & Company, Inc., the Other Defendants and the Bee-Self Group to have violated Section 14(d) of the Act and the Rules and Regulations promulgated thereunder;

B. That each of the Defendants and the Bee-Self Group, their agents, officers, associates, affiliates and all others conspiring or acting in concert with them or on their behalf, be enjoined for a period of three years from directly or indirectly:

1. voting in person or by proxy any shares of STS now held of record or beneficially by any of the Defendants with respect to (a) the election of directors, (b) any plan of merger, consolidation, or sale of assets and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS operations or formulate its policies.

2. soliciting from any STS shareholder any proxy, consent or authorization or support to vote the common stock of STS, or from voting any proxy or authorization now held with respect to (a) the election of director, (b) any plan of merger, consolidation or sale of assets, and

(c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS's operations or formulate its policies.

3. Entering into future agreements with any other shareholders of STS to obtain control of STS.

4. Purchasing, acquiring or otherwise aggregating any additional shares of STS whether in the open market, by tender, by private negotiation or in any other manner.

5. Using or obtaining for any purpose any list of STS shareholders, or disclosing information in any list now held by them to any other person.

6. Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of STS in violation of the Act and the Rules and Regulations promulgated thereunder.

C. That each of the Defendants, and the Bee-Self Group be directed to file with the Securities and Exchange Commission accurate statements in compliance with the requirements of Section 14(d) of the Act and the Rules promulgated thereunder.

D. That Plaintiff be reimbursed by the Defendants, and the Bee-Self Group for the costs, expenses and damage, including reasonable attorneys' fees, caused to it by the said unlawful acts.

E. That Plaintiff have such other, different or further relief as to the Court may seem just and proper.

Reply to Counterclaim of Counterplaintiff and Counterclaim.

Dated: Rochester, New York
April 16, 1975

HARTER, SECREST & EMERY

By Stuart B. Meinecke
Member of the Firm

Attorneys for Plaintiff
Office and Post Office Address
700 Midtown Tower
Rochester, New York 14604
Tel: (716) 232-6500

Reply to Counterclaim of Counterplaintiff and Counterclaim.

STATE OF NEW YORK)
COUNTY OF MONROE) SS:

DOUGLAS M. JOHNSON, being duly sworn, deposes and says: that he is an officer, to wit: President of STECHER-TRAUNG-SCHMIDT CORPORATION, the plaintiff in the above-entitled action; that he has read the foregoing reply and counterclaim and knows the contents thereof; that the same is true to the knowledge of deponent except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

Douglas M Johnson

Sworn to before me this
16th day of April, 1975.

Carolyn G Schweitz
Notary Public

CAROLYN G. SCHWEITZ, NOTARY PUBLIC
STATE OF N. Y., MONROE COUNTY
COMMISSION EXPIRES MARCH 30, 1976

Reply Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff, VS. M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	:	CIVIL ACTION NO. 75-131 REPLY AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

DOUGLAS M. JOHNSON, being duly sworn, deposes and says:

1. I reside at 125 Trevor Court Road in the Town of Brighton, and have been President, Chief Executive Officer and a Director of Plaintiff, Stecher-Traung-Schmidt Corporation ("STS") since January 1974. I submit this Affidavit in Support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction and in furtherance of my affidavit in this same regard dated April 6, 1975.

2. On March 26, 1975 the defendant M.A. Self telephoned me and stated that since he was in Cleveland that day he wanted the opportunity to meet with me and as many directors as possible on the morning of March 27. A breakfast meeting was agreed upon for the morning of March 27.

3. On March 27, 1975 the defendants Self, Hecker and a representative of Kidder, Peabody and Company of Chicago met with me and outside STS directors George R. Williams and William Warren at the Holiday Inn. At this meeting the

defendant Self advised STS and its directors that he was prepared to make a cash tender offer to the shareholders of STS and that he had arranged financing for this purpose with some institutions. He further implied that Kidder, Peabody and Company, Inc. would manage the tender offer. The representative of Kidder, Peabody advised that the premium to be offered would be based upon an evaluation of the P/E ratio [illegible]panies in the printing industry and concluded by stating that it would be approximately 35% to 45% over the market price. The defendant Self further advised that he was requesting management's approval of this offer and wished its Board of Directors to take that matter up at their meeting later that day.

4. At the conclusion of the meeting on March 27, 1975 the defendant Self approached me and advised that he was willing to consider a higher price for the STS shares notwithstanding the range expressed by Kidder, Peabody and that he was flexible in this regard. The defendant Self reiterated that he expected to hear the Board's decision on this matter as to whether or not it would approve such an offer at the end of the day and offered to stay and meet with the Board personally.

5. On March 31, 1975 the defendant Self telephoned me, requesting the Board of Directors' response to his proposal. The defendant Self asked if STS planned any announcements that it was considering approving his tender.

He was advised that STS was not then considering any announcement of any type on this matter. When advised that the Board had scheduled another meeting and had not had time to appropriately consider his request, the defendant Self advised me that he would release the tender immediately without management's or the Board's concurrence if he felt the Board was delaying for time or intended to turn him down.

6. During this same telephone conversation on March 31 the defendant Self further advised that if the Board and management were to conclude that they would recommend acceptance by shareholders of the tender that it would then be really more advisable and practical for the Board to consider, in lieu of the tender, a cash merger. Defendant Self stated that his attorneys had advised him that the cash merger could be complete in approximately 12 weeks with a considerable savings of time and money for Bee Chemical.

7. On Friday, April 4, 1975 the defendant Self phoned me and requested an answer concerning his cash tender. I advised defendant Self that the Board was disinclined to comment upon or negotiate in any fashion with Bee Chemical Company. Defendant Self thereupon stated that he was "here and now" "formally and officially" advising me that he was "hereby offering to purchase 66 2/3 of the outstanding shares of STS at a price of $8.00 per share" subject to the "support" of management and the Board of Directors. The defendant Self further advised me that his counsel had advised him that STS was "required to immediately communicate

that offer to all of its shareholders and the public". I requested Mr. Self to repeat his statements. Self again stated that he was "formally and officially", "here and now", "hereby making a cash tender to all of STS's shareholders at $8.00 a share for 66 2/3% of the outstanding stock subject to management's approval and requires communication by STS to STS shareholders and the public".

8. Immediately upon terminating this discussion I consulted with counsel and advised him of what had transpired including specifically the demand for communication to all of STS's shareholders.

9. On April 6, 1975 defendant Self called me and attempted to restate his offer by upping the acceptance requirement from 66 2/3% to 100%. I listened to the restatement generally without comment.

Douglas M. Johnson(s)
Douglas M. Johnson

Sworn to before me this
16th day of April, 1975.

Caroline Schmitz(s)
Notary Public

Reply Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, Plaintiff, VS.	:	CIVIL ACTION NO. 75-131
M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE, Defendants.	:	REPLY AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.

STATE OF NEW YORK)
: SS.
COUNTY OF MONROE)

CHARLES L. THOMPSON, being duly sworn, deposes and says:

1. I reside at 684 Pittsford Mendon Road in the Town of Pittsford and I am Treasurer of Stecher-Traung-Schimdt Corporation ("STS"). I submit this Affidavit in support of the Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction and in furtherance of my affidavit in this same regard dated April 7, 1975.

2. I attended a meeting on September 19, 1974 in Rochester with Tom Roulston. At this meeting Mr. Roulston described the operation of Roulston & Company, Inc. to us. He told us that they were really investment advisers and they made their recommendations primarily to institutions such as banks, trust funds, insurance companies, etc. He emphasized that they were not brokers as such and even mentioned that if I were to request them to purchase stock for my own account, they could not or would not do it. He stressed that their clients respected and acted upon their recommendations.

Reply Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

3. I pointed out to him that since our stock had a rather thin market I didn't see how it would be of interest to investors of the size he was referring to since stock in those quantities is not readily available. He did not give me a direct reply to this comment.

Charles L. Thompson

Charles L. Thompson

Sworn to before me this
16th day of April, 1975.

Carolyn Schuster
Notary Public

Reply Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,	:	
Plaintiff,	:	CIVIL ACTION NO. 75-131
VS.	:	
M. A. SELF, BEE CHEMICAL COMPANY ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,	:	REPLY AFFIDAVIT IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION.
Defendants.	:	

STATE OF CALIFORNIA)
: SS.
COUNTY OF SAN FRANCISCO

DONALD W. DAVIS, being duly sworn, deposes and says:

1. I am a resident of the State of California and I am Executive Vice President of Davis, Skaggs & Co., Inc., investment bankers and brokers and I am a director of Stecher-Traung-Schmidt Corporation ("STS"). I submit this Affidavit in support of Plaintiff's motion for a Temporary Restraining Order and Preliminary Injunction.

2. On October 16, 1973 the Board of Directors requested that I, because of my experience in the brokerage industry, call Tom Roulston of Roulston & Company, Inc. to determine the basis for his interest in STS and find out how Roulston & Company operated.

3. In response to my telephone call Tom Roulston advised that Roulston was a research oriented firm engaged in analyzing

prospective business investments for his clients, who consisted of large sophisticated institutional investors, including a few offshore institutions.

Roulston further advised that his analysts frequently did field work on companies after which they would develop an analysis and financial story. This picture was then marketed to their clients. Roulston indicated that Roulston & Company had grown rapidly through such combinations of research and recommendation and not general brokerage. He indicated that his clients moved and acted on his INVESTMENT recommendations.

4. In December 1973 I attended a meeting in San Francisco along with a number of other San Francisco STS directors and Doug Johnson who was then a consultant. Also in attendance were M.A. Self, Tom Roulston, and Art Hecker. Roulston introduced Self and described Self's company, Bee Chemical as an excellent merger partner. Self explained Bee, provided product brochures and other marketing aids and generally promoted the merger concept. It was my impression that both Roulston and Self, but particularly Self, expected STS to rush to accept this idea which on the contrary was treated by STS politely but very coolly.

Reply Affidavit in Support of Motion for Temporary Restraining Order and Preliminary Injunction.

5. Later in the afternoon of this meeting, Roulston visited my brokerage office to discuss business in general and urge the merger.

6. In January 1974 I met at the request of Tom Roulston at the Metropolitan Club in New York City. Roulston expressed his disappointment over the merger consideration, and complained that he was holding up the market for STS and had no performance to show for his efforts. He again urged the merger as a necessity for STS.

7. I, with Phil Ehrlich, also visited the Bee plant in February or April 1974 at the request of Self and Hecker and they again urged the merger.

8. I was in attendance at the Annual Meeting of Shareholders in Rochester on April 17 and a Board meeting at which Roulston appeared and strongly berated both management and the Board, questioning STS's ability without new direction to ride out a general business downtown. Once again, the merger was suggested as necessary to relieve the problems he saw.

9. On October 17, 1974 Doug Johnson and I met with Self and Hecker in Chicago at their request. At this meeting Self refused to answer any questions about his past or present relationship to Roulston. He also brusquely turned aside our inquiries as to why he kept his ownership of STS a secret indicating that the future and not the past was the only concern. He argued again a merger and stated he had three options: (a) to continue as an investor and collect dividends,

(b) to sell his shares, or (c) to take aggressive action toward STS. Doug Johnson responded to his request to be made a Director with a firm "no".

/S/ DONALD W. DAVIS
Donald W. Davis

Sworn to before me this
16TH day of April, 1975.

SALLY YIM
Notary Public
Comm^n Expires 8/20/77

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION, CIVIL ACTION NO. 75-131

Plaintiff, Counterdefendant, Counterplaintiff,

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, an Illinois Corporation and ARTHUR S. HECKER, REPLY TO COUNTERCLAIM

Defendants, Counterplaintiff, Counterdefendants.

NOW COME the defendants, counterplaintiff and counter-defendants, M. A. SELF, BEE CHEMICAL COMPANY, an Illinois Corporation and ARTHUR S. HECKER, by and through their attorneys in this regard, HODSON, RUSS, ANDREWS AND GOODYEAR and BAKER & McKENZIE, and for their reply to the Counterclaim of STECHER-TRAUNG-SCHMIDT CORPORATION state as follows:

19. These defendants admit that the plaintiff attempts to predicate its Counterclaim on and under the provisions of Section 14(d) of the Securities Act and Rule 14(d)-1 promulgated thereunder; further answering, these defendants specifically deny the applicability of Section 14(d) of the Securities Act and Rule 14(d)-1 promulgated thereunder; further answering, these defendants specifically deny that they have at any time made a "tender offer" to the plaintiff within the meaning and context of Section 14(d) of the Securities Act and Rule 14(d)-1 promulgated thereunder.

20. These defendants repeat and reallege their answers unto Paragraphs 1 through 50 of STS's original Complaint as and for their answer unto Paragraph 20 of the plaintiff's Counterclaim.

21. These defendants deny that on March 26, 1975, the defendant, M. A. SELF, telephoned the President of STS; further answering, these defendants admit that on or about March 24 or March 25, 1975, the defendant, M. A. SELF, telephoned the President of STS and requested an opportunity to meet with the President and as many directors as possible on the morning of March 27, 1975; further answering, these defendants admit that a breakfast meeting was agreed upon for the morning of March 27, 1975; further answering, these defendants deny each and every remaining allegation contained in Paragraph 21 of the Counterclaim of STS.

22. These defendants admit that on March 27, 1975 the defendants, SELF, HECKER and a representative of Kidder, Peabody and Company of Chicago met with STS's President and outside STS directors George R. Williams and William Warren at the Holiday Inn. Further answering, these defendants state that at the meeting on March 27, 1975, the STS representatives were advised that BEE CHEMICAL COMPANY was prepared to discuss a possible cash tender offer and further admit that the defendant, HECKER, stated that he had a letter of intent from a financial institution; further answering, these defendants specifically deny that SELF advised STS and its directors that he was making a cash tender offer to the shareholders of STS and deny that SELF stated that he had arranged financing for this purpose with some institution. Further answering, these defendants deny each and every remaining allegation contained in Paragraph 22 of the Counterclaim of STS.

23. These defendants admit and affirmatively aver that SELF informed the President of STS that he was willing to discuss "price" for the purchase of STS shares and that he was willing to stay and engage in further discussions with the Board personally; further answering, these defendants deny each and every remaining and inconsistent allegation contained in Paragraph 23 of the Counterclaim of STS.

24. These defendants admit that on or about March 31, 1975, the defendant, SELF, telephoned STS's President; further answering, these defendants deny each and every remaining allegation contained in Paragraph 24 of the Counterclaim of STS.

25. These defendants admit that on or about March 31, 1975, the defendant, SELF, stated that he would be open to a cash merger and that such a merger would be to the greatest benefit to the shareholders of STS; further answering, these defendants deny each and every remaining allegation contained in Paragraph 25 of the Counterclaim of STS.

26. These defendants deny that on Friday, April 4, 1975, the defendant, SELF, phoned STS's President and requested an answer concerning his alleged cash tender and further deny that at any time alleged in the Counterclaim or at any other time did they or anyone acting on their behalf make a cash tender offer to STS; further answering, these defendants deny each and every remaining allegation contained in Paragraph 26 of the Counterclaim of STS and state affirmatively that on April 4, 1975, BEE CHEMICAL COMPANY stated to the management of STS that it was prepared to make an offer of EIGHT (8) DOLLARS per share for all of the outstanding shares of common stock of STS if, and only if, the

cooperation of STS management was obtained. Further answering, these defendants state and affirmatively aver that the offer BEE CHEMICAL COMPANY was prepared to make was further conditioned upon the approval of holders of 66-2/3% of the outstanding STS common shares.

27. These defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, are without direct knowledge of the allegations contained in Paragraph 27 of the Counterclaim of STS. Further answering, on information and belief, these defendants verily believe that the allegations contained in Paragraph 27 constitute omissions and misstatements of conversations occurring between counsel for these defendants and counsel for STS and, therefore, these defendants deny each and every allegation contained in Paragraph 27 of STS's Counterclaim.

28. These defendants admit that on April 6, 1975, the defendant, SELF, called STS's President in response to a request by counsel for STS for clarification of SELF's conversation with STS's President on April 4, 1975 and that the substance of said conversation is delineated in Paragraph 23 of the Affidavit of M. A. SELF filed in opposition to the plaintiff's Request for a Temporary Restraining Order, Preliminary Injunction and Permanent Injunction; further answering, these defendants deny each and every remaining allegation contained in Paragraph 28 of the Counterclaim of STS and each and every allegation inconsistent with the SELF Affidavit.

29. These defendants deny each and every allegation contained in Paragraph 29 of the Counterclaim of STS; further answering, these defendants deny that there exists or has at any time existed

a group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or in any other manner; further answering, these defendants specifically deny at any time making a cash tender offer to the management or shareholders of STS.

30. These defendants deny each and every allegation contained in Paragraph 30 of the Counterclaim of STS.

31. These defendants state that Section 14(d)(1) and 14(d)(2) of the Act and Rule 14(d)-1 and 14(d)-3 speak for themselves; further answering, these defendants specifically deny the applicability of Section 14(d)(1) and 14(d)(2) of the Act and Rule 14(d)-1 and 14(d)-3.

32. These defendants deny purchasing in the open market, by private solicitation or by any other means at any time more than 4.85 percent of the outstanding STS common stock; further answering, these defendants specifically deny making or committing any acts constituting a "tender offer"; further answering, these defendants deny each and every remaining allegation contained in Paragraph 32 of STS's Counterclaim.

33. These defendants deny each and every allegation contained in Paragraph 33 of the Counterclaim of STS.

34. These defendants deny each and every allegation contained in Paragraph 34 of the Counterclaim of STS.

35. These defendants deny each and every allegation contained in Paragraph 35 of the Counterclaim of STS.

36. These defendants admit that they have not at any time filed with the Securities and Exchange Commission Schedule 13D

or any information as specified in the provisions of Rule 14(d)-1; further answering, these defendants specifically deny the applicability of Section 13(d) of the Securities Act and deny the applicability of Rule 14(d)-1; further answering, these defendants specifically deny making at any time a "tender offer"; further answering, these defendants deny that there exists or has at any time existed a group called or otherwise characterized as the "BEE-SELF GROUP" or any other group, combine or organization acting in concert in the manner described in the plaintiff's Complaint or Counterclaim or in any other manner; further answering, these defendants deny each and every remaining allegation contained in Paragraph 36 of the Counterclaim of STS.

37. These defendants deny each and every allegation contained in Paragraph 37 of the Counterclaim of STS.

38. These defendants deny each and every allegation contained in Paragraph 38 of the Counterclaim of STS.

39. These defendants deny each and every allegation contained in Paragraph 39 of the Counterclaim of STS.

40. These defendants deny each and every allegation contained in Paragraph 40 of the Counterclaim of STS.

41. These defendants deny each and every allegation contained in Paragraph 41 of the Counterclaim of STS including subparagraphs (a) through (d), inclusive.

WHEREFORE, BEE CHEMICAL COMPANY prays that the relief it has requested in its Counterclaim filed against STS be granted and

that the request of STS for a dismissal of BEE's Counterclaim be denied with prejudice.

WHEREFORE, these defendants, counterplaintiff and counterdefendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, deny that the plaintiff, counterdefendant and counterplaintiff, STECHER-TRAUNG-SCHMIDT CORPORATION, is entitled to any of the relief requested in its Counterclaim or any relief whatsoever and these defendants, counterplaintiff and counterdefendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, affirmatively pray that the temporary restraining order entered by this Court on or about April 7, 1975, be dissolved; that BEE CHEMICAL COMPANY prays that the relief it has requested in its Counterclaim against STECHER-TRAUNG-SCHMIDT CORPORATION be granted; that the present Counterclaim of STECHER-TRAUNG-SCHMIDT CORPORATION be dismissed with prejudice and that M.A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER be awarded attorneys' fees, costs and expenses and whatever additional relief as this Court may deem just and proper.

FIRST DEFENSE

The counterclaim fails to state a claim against these counterdefendants, M. A. SELF, BEE CHEMICAL COMPANY, an Illinois Corporation and ARTHUR S. HECKER, upon which relief can be granted.

SECOND DEFENSE

The counterplaintiff, STECHER-TRAUNG-SCHMIDT CORPORATION, in deliberately delaying and failing to assert its claimed right

against these counterdefendants is guilty of laches and, thereby barred from presently asserting the claim contained in its Counterclaim.

THIRD DEFENSE

That the Counterclaim of STECHER-TRAUNG-SCHMIDT CORPORATION is brought in violation of Rule 15 of the Federal Rules of Civil Procedure since it is in essence an amended complaint, filed without consent of these counterdefendants and filed without leave of Court.

BAKER & McKENZIE

By Robert James Kovas
Member of the Firm

Attorneys for Counterplaintiff
Office and Post Office Address
700 Prudential Plaza
Chicago, Illinois 60601
(312) 828-0400

HODGSON, RUSS, ANDREWS, WOODS, & GOODYEAR

By _____
Member of the Firm

Attorneys for Counterplaintiff
Office and Post Office Address
1800 One M & T Plaza
Buffalo, New York 14203
(716) 856-4000

A F F I D A V I T

ARTHUR S. HECKER, being duly sworn on oath, deposes and states as follows: that he is an officer, to wit: the vice-chairman of BEE CHEMICAL COMPANY, that both he and BEE CHEMICAL COMPANY are named as counterdefendants in this cause; that he has read the foregoing reply to the plaintiff's Counterclaim and knows the contents thereof; that the same is true to the knowledge of the deponent except as to the matters therein stated to be alleged upon information and belief and as to those matters he believes it to be true.

ARTHUR S. HECKER

SUBSCRIBED and SWORN to before me this 8th day of April, A.D., 1975.

NOTARY PUBLIC

AFFIDAVIT

M. A. SELF, being duly sworn on oath, deposes and states as follows: that he is an officer, to wit: the president of BEE CHEMICAL COMPANY, an Illinois corporation, that both he and BEE CHEMICAL COMPANY are named as counterdefendants in this cause; that he has read the foregoing reply to the plaintiff's Counterclaim and knows the contents thereof; that the same is true to the knowledge of the deponent except as to the matters therein stated to be alleged upon information and belief and as to those matters he believes it to be true.

M. A. Self

M. A. SELF

SUBSCRIBED and SWORN to
before me this 18th day
of April A.D., 1975.

Notary Public

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER AND JOHN DOE,

Defendants.

CIVIL ACTION NO. 75-131

AMENDED COMPLAINT

Plaintiff, Stecher-Traung-Schmidt Corporation (hereinafter called "STS"), by its attorneys, Harter, Secrest & Emery, respectfully alleges and shows to the court as follows:

PARTIES

1. STS is a corporation organized under the laws of the State of New York with its principal executive office at 274 North Goodman Street, Rochester, New York.

2. On information and belief, Defendant M. A. Self is an individual who resides in the metropolitan Chicago area and is chief executive officer, President and Chairman of the Board and a principal shareholder of Defendant Bee Chemical Company.

3. On information and belief, Defendant Bee Chemical Company is an Illinois corporation having its principal offices at 2700 East 170th Street, Lansing, Illinois.

4. On information and belief, Defendant Roulston & Company, Inc. is an Ohio corporation which is a member of

RECEIVED
APR 21 1975
HODGSON, RUSS, ANDREWS, WOODS &

the New York Stock Exchange with its principal place of business at Investment Plaza, Cleveland, Ohio and is a member of a group hereinafter called the Bee-Self Group.

5. On information and belief, Defendant Thomas Roulston is an individual who resides in the metropolitan area of Cleveland, Ohio and is President and principal shareholder of Defendant Roulston & Company, Inc. and a member of the Bee-Self Group.

6. On information and belief, Defendant Arthur S. Hecker is an individual who resides in the metropolitan area of Chicago, Illinois and is Vice Chairman of Bee Chemical Company.

7. Defendant(s) John Doe (hereinafter the "Other Defendant(s)") is (are) one or more person(s) whose identity is (are) presently unknown to the Plaintiff and who is (are) customer(s) of Roulston & Company, Inc. and/or a member(s) of the Bee-Self Group.

JURISDICTION AND VENUE

8. STS has outstanding one class of common stock styled Common Stock Par Value $5.00 per share, which class of securities is registered under the Securities Exchange Act of 1934 as amended (the "Act") pursuant to Section 12 of the Act. At March 12, 1975 STS had an estimated 1,100 shareholders of its Common Stock.

9. This action arises under Section 13 of the Act, and the rules and regulations of the Securities and Exchange Commission promulgated in connection therewith, and this court has jurisdiction under Section 27 of the Act.

10. The acts and omissions complained of took place in substantial part within the Western District of New York and the Plaintiff's claim arises in said District.

11. Plaintiff STS has no adequate remedy at law for the acts and omissions complained of.

FACTS

12. On September 19, 1973 contact was made with STS's President and Treasurer by T. Roulston who advised that Roulston & Company, Inc. was interested in buying STS's Common Stock as an investment for its clients. T. Roulston further advised that Roulston & Company, Inc. represented and handled only a very small number of large accounts consisting of banks, investment groups, pension plans and wealthy individuals, and that he could invest their money in his discretion and would be a single representative of all such shares. Roulston emphasized that his organization was not a trading brokerage house but an investment house interested in special situations.

13. On October 16, 1973 the Board of Directors learned that Roulston & Company, Inc. had begun to acquire a number of STS's shares and authorized one of its members, Donald Davis, whose principal occupation is in the brokerage industry, to call Roulston. In response to his call, Roulston advised again that Roulston & Company, Inc. was an investment house which represented a very limited number of large sophisticated investors, many of which were institutions and one or more of whom were overseas clients. Roulston again

advised he sought out investments and special situations to put his clients into for investment purposes and not regular brokerage house business. During this call Defendant T. Roulston suggested that he had a company which viewed STS as a possible merger candidate.

14. In December 1973 STS's President, four of its directors and Douglas M. Johnson, a consultant who became STS's new president in early 1974, met in STS's San Francisco office with the Defendant, Roulston, the Defendant Self and the Defendant Mr. Hecker. At this time the Defendant T. Roulston introduced the Defendant Self and Bee Chemical for the purposes of discussing a merger. At this meeting the Defendants Self, Hecker and T. Roulston urged an immediate merger of STS into the Defendant Bee Chemical. Later that day the Defendant T. Roulston met with Mr. Davis, an outside STS director, to again urge a merger as soon as possible.

15. In January 1974 at the request of Defendant T. Roulston, Mr. Davis, met with him at the Metropolitan Club in New York City where Roulston expressed both his impatience and his disappointment with STS's consideration of a merger proposal and indicated his desire, in the light of the large block of stock held in the name of Defendant Roulston & Company, that further consideration should be given to the merger so that the stock would show some performance.

16. In February 1974 two of STS's outside directors, Ehrlich and Davis, met in Chicago with Defendant Self and officers

of Bee Chemical, at which time they were again urged to act quickly on the merger proposal.

17. On April 2, 1974 Defendants T. Roulston and Self together with Defendant Hecker met with STS's President in San Francisco and discussed a merger with STS, proffering the four documents in Exhibit 1 hereto which were, on information and belief, prepared in whole or in part by Roulston & Company, Inc. and which bear the headings:

"Conditions Facing Bee" - dated 4/1/74
"Conditions Facing STS" - dated 4/1/74
"Rationale for Merger" - dated 4/1/74
"Bee Chemical" - a 12-page brochure describing Bee, its business and management - dated March 1974.

18. On the morning of April 17, 1974 at a meeting of the Board of Directors Defendant T. Roulston as a representative of Defendant Roulston & Company, Inc. again proposed the merger with Defendant Bee Chemical and stated that STS was being mismanaged and questioned its ability to ride out the then general business decline urging that STS must change direction and the proposed merger was the best course of action.

19. On the afternoon of April 17, 1974 Defendant T. Roulston as a shareholder attended the Plaintiff's Annual Meeting of Shareholders in Rochester, New York and asked for and thereafter obtained additional information concerning STS, including a list of STS's ten largest shareholders. At the Annual Meeting Roulston submitted two proxies prepared and signed by an officer of Roulston; #1 for 39,000 shares and #2 for 7,200 shares, an aggregate 46,200 shares, copies of which are attached as Exhibit II.

20. On June 6, 1974 Defendant T. Roulston came to Rochester, New York and advised STS's President that Defendant Roulston & Company, Inc. had been commissioned to make a complete study of Bee Chemical for the purposes of demonstrating its desirability and again urged a quickening pace of consideration of a merger.

21. On July 2, 1974 STS's President met in Cleveland with Defendant T. Roulston, at Roulston's request. Roulston again urged the Bee-STS merger. Roulston emphasized the attractive borrowing base which STS would provide to Bee and indicated that if a merger were not consummated Defendants Self and Bee Chemical would have to enter into some sort of arrangement before the end of 1974 in order to satisfy the creditors of Defendant Bee.

22. In early July 1974 T. Roulston delivered to STS a Financial Analysis of Bee Chemical Company dated June 1974, a copy of which is attached as Exhibit III.

23. During the period September 1973 to February 12, 1974 Defendant Roulston & Company, Inc. while urging the Bee merger acquired in the market an aggregate 40,750 shares of STS's Common Stock or approximately 5.1% of STS's then outstanding shares as follows:

Month	Shares Acquired	Total Through End of Month		Total as a % of Shares Outstanding
1973				
September	300 :	300	=	0.04%
October	1,936 :	2,236	=	0.28%
November	8,233 :	10,469	=	1.30%
December	14,962 :	25,431	=	3.16%
1974				
January	6,719 :	32,150	=	4.00%
February 1 to February 12	8,600 :	40,750	=	5.07%

24. During the period February 12 to August 13, 1974 Defendant Roulston & Company, Inc. acquired additional shares as follows:

Month	Shares Acquired	Total Through End of Month		Total as a % of Shares Outstanding
1974				
February 12 to 28	5,460 :	46,210	=	5.75%
March	728 :	46,938	=	5.84%
April	8,703 :	55,641	=	6.92%
May	559 :	56,200	=	6.99%
June	2,006 :	58,206	=	7.24%
July	5,071 :	63,277	=	7.87%
August 1 to August 12	--	63,177	=	7.86%

25. On August 13 Defendant Roulston distributed from its name to Defendant Bee Chemical Company an aggregate 39,000 of Plaintiff's common stock or approximately 4.85% of Plaintiff's then outstanding shares.

26. Since August 13, 1974 to January 28, 1975, the last purchase, Defendant Roulston has acquired an additional 1,100 shares or an additional 0.14%.

27. On September 17, 1974 Defendant Self met with six of Plaintiff's eleven Directors in Rochester, at his request, and advised them to the effect that Plaintiff had been mismanaged, that any member of the Board who had been on the Board over one year should resign because of their responsibilities for this mismanagement, that Plaintiff's assets were being uselessly employed, its business unprofitable, that the printing industry was generally a poor business, and that if he (Self) were in control he would re-evaluate STS and its assets and put them to a better and more profitable use, and that the shareholders of STS would be better served by liquidating the company and investing the funds elsewhere.

28. At that same meeting, on September 17, 1974 Defendant Self indicated to the Plaintiff's officers and directors that he should be a director, that STS should immediately elect him a director and stated that he might otherwise run for such office on his own.

29. On October 17, 1974 STS's President and one of its outside directors, Davis, met at the request of Defendant Self with Defendants Self and Hecker in Chicago. STS's President indicated his surprise to discover that Roulston had transferred some 39,000 shares to Bee and asked why STS was not informed of Bee's ownership earlier in the year. Self generally refused comment, except to indicate that such knowledge might have clouded the merger discussions. Defendants Self and Hecker restated at length their earlier criticism of STS's prior management, its directors, its direction, its profitability and its general business.

Defendant Self concluded that he had three options - (a) to continue as an investor and collect dividends, (b) to sell his shares, or (c) to take aggressive action towards STS. Self again demanded a seat on the Board, which demand was refused. Self refused to answer any questions concerning his relationship with Roulston & Company or its other clients.

30. During the first weeks of November Self requested a meeting with William Warren, an outside director of STS, offering to come to Rochester the next day. Warren refused and arranged a meeting in Chicago as part of another trip he was taking. On November 15, 1974 Mr. Warren met at the request of Defendant Self with Self and Hecker, an officer of Bee Chemical, at O'Hare Airport in Chicago. Self solicited Warren's aid in acquiring from private sources, which he assumed Warren represented, of a minimum of 100,000 additional shares of STS, quoting a wide range of possible prices well above current market values to obtain those shares. Defendant Self requested of Warren information concerning shares held in trusts by banks and asked if he thought there was a possibility of acquiring any of those shares. In response to Warren's inquiry he indicated he had no desire to sell back the shares he then owned as it would be admitting defeat. Subsequent to this meeting, Mr. Warren placed a follow-up telephone call during the first week in January 1975 indicating no interest and Self responded by suggesting that Warren advise at what price shares would be available. On January 21, 1975 Hecker also renewed the request on behalf of Defendants Bee and Self.

31. By letters from STS's counsel, dated January 20, 1975 to Defendants Roulston & Company, Inc., Bee and Self, the Defendants were requested to provide STS with certain information so that it might comply with the requirements of Schedule 14A, Item 5(e) of the Act relating to disclosure in its Proxy Statement of any possible change in "control" of STS. Copies of the letters of request are attached hereto as Exhibit IV. Defendant Roulston first advised by phone that it was not required to respond but then subsequently advised that it was not a 5% shareholder by letter dated February 5, 1975 (Exhibit V). Defendants Self and Bee declined at the suggestion of their mutual counsel to respond in any fashion. Plaintiff's counsel, after receiving oral affirmation of this refusal from Bee and Self's mutual counsel, renewed by letter dated February 19, 1974 (Exhibit VI) STS's request for information to which no reply has been received. STS's counsel advised the Securities and Exchange Commission of its inability to obtain the required information for its proxy material by letter dated February 19, 1975 (Exhibit VII).

32. At April 4, 1975, Plaintiff's transfer agent's records indicate that

(a) Defendant Roulston & Company, Inc. own of record 25,200 shares - 3.1% of the Plaintiff's now outstanding common stock.

(b) Defendant Bee Chemical Company owns of record 39,000 shares - 4.84% of Plaintiff's now outstanding common stock.

(c) Defendant Self does not own of record any shares.

(d) Defendant T. Roulston does not own of record in his name any shares.

(e) The other Defendants own of record an unknown number of shares of record.

33. Regulation 14A, Rule 14a-3(d) of the Act and the rules of the exchanges require STS to inquire about beneficial ownership and a broker to distribute to each beneficial owner of securities held in such broker's nominee account(s) a copy of the STS proxy material. In response to the request of STS in February 1975, Roulston & Company has requested only one copy of such material to distribute in compliance with such rules thereby indicating there is only one beneficial owner of the 25,200 shares held in its name.

FIRST CLAIM

34. The allegations and requests for relief set forth in the Claim are based on the facts and information heretofore and hereafter alleged and brought under and pursuant to Sections 13(d)(1), (2), (3), (4) and (6) of the Act and Rules 13d-1, 2 and 3 promulgated thereunder by the Securities and Exchange Commission relating to the required filing of disclosure statements by the beneficial owners of 5% of any class of equity security registered under Section 12 of the Act.

35. On information and belief, since September 1973 Defendants Self, Bee, T. Roulston, and Roulston & Company, Inc. and the other Defendants (consisting of other clients

of Roulston & Company) formed a group or joined a combination and conspiracy (the Bee-Self Group), the purpose of which was to take control of Plaintiff STS, change its Board of Directors, and change its historical operations and business and liquidate certain or all of Plaintiff's assets to provide capital for Bee's operations. This combination and conspiracy has continued unabated to the date of this Complaint.

36. On information and belief the Defendants T. Roulston and Roulston & Company, Inc. have acted as the agents of Defendants Bee and in Self in previous acquisitions and mergers.

37. On information and belief the Defendants Bee Chemical and M. A. Self have during the past nine years acquired a number of companies whose operations have been subsequently closed down, liquidated or moved.

38. On information and belief the Defendants are seeking to obtain control of STS for the purpose of using its working capital, borrowing capabilities and other assets for their purposes and not for the furtherance of the business and operations of STS or the benefit of its shareholders.

39. On information and belief since September 1973 to the date hereof, Defendant T. Roulston and Roulston & Company have agreed to vote shares owned of record by Roulston & Company and beneficially by the other Defendants with those owned of record by Bee Chemical and beneficially by Self to accomplish this seizure of control of STS.

40. Since February 12, 1974 to the date hereof the Bee-Self Group has owned, pooled, aggregated, acquired or

held beneficially, directly or indirectly approximately 40,750 shares or more of STS common stock - 5% or more of STS then outstanding common stock.

41. Section 13(d)(1) of the Act and Rules 13d-1 and Rule 13d-3 promulgated thereunder require any person or group who acquires, pools, purchases, aggregates or holds beneficially, directly or indirectly, 5% or more of STS outstanding common stock within 10 days thereafter, to file with the Securities and Exchange Commission and STS in Rochester, New York a statement required by Schedule 13D, promulgated pursuant to the Act.

42. The Defendants Self, Bee, T. Roulston, Roulston & Company and other Defendants have not individually nor as the Bee-Self Group filed the statement required by Section 13(d) of the Act and Rule 13d-1 and Schedule 13D promulgated thereunder.

43. Sections 13d(1) and 13d(6) further require the filing of a Schedule 13D by every person or group who owns 5% or more of STS outstanding common stock whenever such person or group shall acquire an additional 2% within a twelve-month period.

44. Since February 12, 1974 when they owned more than an aggregate 5% the Bee-Self group acquired in excess of an additional 2% of STS.

45. The Defendants Self, Bee, T. Roulston, Roulston & Company and the other Defendants have not individually nor as the Bee-Self Group filed the additional statement required by Section 13(d)(1) and Section 13(d)(6) on Schedule 13D.

46. By their failures to file the Defendants Self, Bee, T. Roulston, Roulston & Company, the other Defendants and the Bee-Self Group have intentionally concealed material information from the Securities and Exchange Commission, STS, STS's shareholders, and the investing public, all in violation of the Act and the Rules thereunder.

47. By reason of this concealment and violations of the Act Defendants Bee, Self, T. Roulston, Roulston & Company, the other Defendants and the Bee-Self Group have caused STS, its shareholders and the investing public to suffer substantial and irreparable injury which will be greatly magnified and intensified if they are not immediately and permanently enjoined from pursuing said illegal plan and scheme.

48. Since the date when the Bee-Self Group became the beneficial owners of 5% or more of STS common stock STS, its shareholders and investing public have been deprived in controvention of the Act of essential information about nature of the Bee-Self Group, including the identity and business background of its members; the source of funds for the purchase of the shares; whether or not the Group or any individual member intends to take control of STS; whether it intends to merge STS with any other entity; whether it intends to make any changes in its operation; or sell any of its assets or liquidate it in whole or in part; whether it intends to replace management; and whether or not it intends to acquire additional shares, all of which would have been disclosed in Schedule 13D.

49. By reason of being deprived of the information as aforesaid, STS's management, STS's shareholders, the investment community and the investing public have been unable for over thirteen months, to evaluate that information so as to intelligently determine its ultimate effect on the policy and operations of STS; and whether the Bee-Self group plans were in the best interest of STS; as well as to conclude whether they wished to purchase, retain or dispose of their interests in STS as a consequence of their evaluation of that information.

50. The conduct of the Bee-Self Group and of its constituent members, the Defendants Bee, Self, T. Roulston, Roulston & Company, and the other Defendants will, if not enjoined

(a) result in a dislocation of the normal operations of STS, create uncertainty about its future control, its management, its policies and operations, and thereby disrupt, impede and otherwise dislocate the ordinary course of STS's business and its ability to pursue its business.

(b) severely affect the orderly market in the common stock of STS.

(c) result in an erosion of the confidence of the financial community both in the general future of STS and in the continuation of management in particular so as to make more difficult, costly, or impossible borrowing for corporate purposes.

(d) result in an erosion in the confidence of the customers of STS in STS's ability to continue to provide

the high levels of quality and reliability which are principal factors in attaining and maintaining its customers.

(e) result in an adverse effect upon the morale of employees who are already concerned over a nationally uncertain business climate and the possible loss of key employees to competitors offering havens of job stability.

(f) result in a continuation of grossly uninformed investment decisions by potential and existing STS shareholders as well as the investment community at large.

WHEREFORE, Plaintiff STS prays

A. That the Court adjudge each of the Defendants Bee, Self, T. Roulston, Roulston & Company, Inc., the Other Defendants and the Bee-Self Group to have violated Section 13 of the Act and the Rules and Regulations promulgated thereunder;

B. That each of the Defendants and the Bee-Self Group, their agents, officers, associates, affiliates and all others conspiring or acting in concert with them or on their behalf, be enjoined for a period of three years from directly or indirectly:

1. voting in person or by proxy any shares of STS now held of record or beneficially by any of the Defendants with respect to (a) the election of directors, (b) any plan of merger, consolidation, or sale of assets and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS operations or formulate its policies.

2. soliciting from any STS shareholder any proxy, consent or authorization or support to vote the common stock

of STS, or from voting any proxy or authorization now held with respect to (a) the election of director, (b) any plan of merger, consolidation or sale of assets, and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS's operations or formulate its policies.

3. Entering into future agreements with any other shareholders of STS to obtain control of STS.

4. Purchasing, acquiring or otherwise aggregating any additional shares of STS whether in the open market, by tender, by private negotiation or in any other manner.

5. Using or obtaining for any purpose any list of STS shareholders, or disclosing information in any list now held by them to any other person.

6. Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of STS in violation of the Act and the Rules and Regulations promulgated thereunder.

C. That each of the Defendants, and the Bee-Self Group be directed to file with the Securities and Exchange Commission accurate statements in compliance with the requirements of Section 13(d) of the Act and the Rules promulgated thereunder.

D. That Plaintiff be reimbursed by the Defendants, and the Bee-Self Group for the costs, expenses and damage, including reasonable attorneys' fees, caused to it by the said unlawful acts.

E. That Plaintiff have such other, different or further relief as to the Court may seem just and proper.

SECOND CLAIM

51. The allegations set forth in this second claim are based on a violation of Section 14d of the Act and Rule 14d-1 promulgated thereunder relating to the required filing of disclosure documents for any tender offer if any consummation thereof such person would, directly or indirectly, be the beneficial owner of more than 5% of any class of equity security registered pursuant to Section 12 of the Act.

52. Plaintiff repeats and realleges each of the allegations set forth in Numbers 1 through 50 of its Complaint as though set forth in full herein.

53. On March 26, 1975 the defendant M.A. Self telephoned the President of STS and stated that since he was in Cleveland that day he wanted the opportunity to meet with the President and as many directors as possible on the morning of March 27. A breakfast meeting was agreed upon for the morning of March 27.

54. On March 27, 1975 the defendants Self, Hecker and a representative of Kidder, Peabody and Company of Chicago met with STS' President and outside STS directors George R. Williams and William Warren at the Holiday Inn. At this meeting the defendant Self advised STS and its directors that he was prepared to make a cash tender offer to the shareholders of STS and that he had arranged financing for

this purpose with some institutions. He further implied that Kidder, Peabody and Company, Inc. would manage the tender offer. The representative of Kidder, Peabody advised that the premium to be offered would be based upon an evaluation of the P/E ratio of companies in the printing industry and concluded by stating that it would be approximately 35% to 45% over the market price. The defendant Self further advised that he was requesting management's approval of this offer and wished its Board of Directors to take that matter up at their meeting later that day.

55. At the conclusion of the meeting on March 27, 1975 the defendant Self approached the President of STS and advised that he was willing to consider a higher price for the STS shares notwithstanding the range expressed by Kidder, Peabody and that he was flexible in this regard. The defendant Self reiterated that he expected to hear the Board's decision on this matter as to whether or not it would approve such an offer at the end of the day and offered to stay and meet with the Board personally.

56. On March 31, 1975 the defendant Self telephoned STS's President, requesting the Board of Directors' response to his proposal. The defendant Self asked if STS planned any announcements that it was considering approving his tender. He was advised that STS was not then considering any announcement of any type on this matter. When advised that the Board had scheduled another meeting and had not had

time to appropriately consider his request, the defendant Self advised STS's President that he would release the tender immediately without management's or the Board's concurrence if he felt the Board was delaying for time or intended to turn him down.

57. During this same telephone conversation on March 31 the defendant Self further advised that if the Board and management were to conclude that they would recommend acceptance by shareholders of the tender that it would then be really more advisable and practical for the Board to consider, in lieu of the tender, a cash merger. Defendant Self stated that his attorneys had advised him that the cash merger could be complete in approximately 12 weeks with a considerable savings of time and money for Bee Chemical.

58. On Friday, April 4, 1975 the defendant Self phoned STS's President and requested an answer concerning his cash tender. STS's President advised defendant Self that the Board was disinclined to comment upon or negotiate in any fashion with Bee Chemical Company. Defendant Self thereupon stated that he was "here and now" "formally and officially" advising STS's President that he was "hereby offering to purchase 66 2/3 of the outstanding shares of STS at a price of $8.00 per share" subject to the "support" of management and the Board of Directors. The defendant Self further advised STS's President that his counsel had advised him that STS was "required to immediately communicate that offer

to all of its shareholders and the public". STS's President requested Mr. Self to repeat his statements. Self again stated that he was "formally and officially", "here and now", "hereby making a cash tender to all of STS's shareholders at $8.00 a share for 66 2/3% of the outstanding stock subject to management's approval" and required "communication by STS to STS shareholders and the public".

59. Immediately upon terminating this discussion STS's President consulted with counsel and advised him of what had transpired including specifically the demand for communication to all of STS's shareholders. STS's counsel placed a call to Jack Beem of Baker & McKenzie, Chicago, Illinois, counsel to defendant Self and stated to Mr. Beem and his partner, Robert Gareis, that STS had no intention whatsoever of communicating an oral tender offer on behalf of Bee Chemical and M.A. Self which was devoid of the protections required by Section 14d of the 1934 Act and further that based upon STS's counsel knowledge no Schedule 13D or filing pursuant to Rule 14(d)(1) had been made with the SEC rendering such a communication illegal. STS's counsel stated he was making the call so that there would be no misunderstanding and Self would not rely on STS taking his tender to its shareholders. He was free to do as he chose subject only to applicable law.

STS' counsel further advised the defendant Self's counsel of the exact words which had been utilized--"formally and officially", "hereby make a cash tender to all of the

shareholders of Stecher-Traung-Schmidt Corporation" and requested information as to whether or not the requirements of Section 14(d) of the 1934 Act regulating such tenders had in fact been complied with. The question was not answered directly. Defendants' counsel requested time to speak with their client and the opportunity to speak again with STS' counsel. On Saturday, April 5, 1975 defendant Self's counsel advised counsel for STS that there had been a misunderstanding and that no formal and official tender was intended to be made and that the proposal was $8.00 per share for 100% of the outstanding stock of STS "if, and probably only if, the management of Stecher-Traung-Schmidt approved". Counsel for STS advised Self's counsel that this was not his understanding of the tender offer which had been made on the previous day but agreed to communicate counsel's interpretation to the management of STS.

60. On April 6, 1975 Defendant Self called STS's President to attempt to restate his earlier proposal and withdraw his request for a general shareholder and public communication concerning that proposal.

61. On information and belief Defendants Self, Bee and Kidder, Peabody consulted with and have the support of Defendants T. Roulston, Roulston & Company, the Other Defendants and the Bee-Self Group in these cash tenders.

62. On information and belief the cash tender has been and was planned by the Defendants and the Bee-Self Group during

the period September 1973 to the date hereof as part of its purchase of almost 8% of the STS outstanding common shares in furtherance of its intent to take control of STS.

63. Section 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 and 14d-3 thereunder require any person or "group" making a tender which would result in their beneficial ownership, directly or indirectly, of 5% or more of STS's common stock must file a Schedule 13D with the Securities and Exchange Commission and further a written notice which includes the additional material required under Rule 14d-1.

64. The purchase in the open market or by private solicitation by the Defendants after February 12, 1974 of additional shares of STS stock when they then owned beneficially more than 5% of the outstanding STS common stock and intended to acquire control of STS constituted a tender offer subject to Sections 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

65. The solicitation on November 15, 1974 of William Warren to purchase a minimum of 100,000 shares both alone and together with the other purchases constituted a tender offer subject to Section 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

66. The solicitation of the affirmative approval of the management of STS and its Board of Directors by the Defendants and the Bee-Self Group on March 27, 1974 while such Defendants and the Group owned already beneficially in

excess of 5% or more of STS then outstanding common stock constituted in itself a ". . .tender for, or a request or invitation for tenders . . ." of any shares of common stock owned by individual members of the Board or the management of STS within the coverage of Section 14(d)(1) and 14(d)(2) of the Act and Rule 14dl thereunder.

67. The solicitation and statements on Bee and Self on April 4, 1975 constituted a cash tender offer subject to Sections 14(d)(1) and 14(d)(2) of the Act and Rule 14d-1 thereunder.

68. On information and belief none of the Defendants, individually nor as the Bee-Self Group have filed with the Securities and Exchange Commission Schedule 13D and the information required by Rule 14d-1 respecting any of the above tender offers through the date hereof.

69. By their failure to file each Defendants Self, Bee, T. Roulston, Roulston & Company, the Other Defendants and the BeeSelf Group and Defendant Kidder by its assistance have intentionally concealed material information required under both Schedule 13D and Rule 14d-1 from the Securities and Exchange Commission, STS, STS's shareholders and the investing public, all in violation of the Act and the Rules thereunder.

70. By reason of this concealment and violations of the Act Defendants Bee, Self, T. Roulston, Roulston & Company, the Other Defendants, the Bee-Self Group have caused STS,

its shareholders and the investing public to suffer substantial and irreparable injury which will be greatly magnified and intensified if they are not immediately and permanently enjoined from pursuing said illegal plan and scheme.

71. Since the date when the Bee-Self Group became the beneficial owners of 5% or more of STS common stock STS, its shareholders, the investing public and the market in general have been deprived in controvention of the Act of essential information about the nature of the Bee-Self Group, including the identity and business background of its members; the source of funds being used for the tender; whether or not the Bee-Self Group or any individual member intends to take control of STS; whether it intends to merge STS with any other entity; whether it intends to make any changes in its operation; or sell any of its assets or liquidate it in whole or in part; whether it intends to replace management; and the number of shares which it intends to acquire, all of which would have been disclosed under statements filed and Rule 14d-1. By reason of failing to file by the Defendants STS shareholders and the investing public have been deprived of the protections designed for them by Sections 14(d)(5), 14(d)(6) and 14(d)(7).

72. By reason of being deprived of the information as aforesaid, STS's management, STS's shareholders, the investment community and the investing public have been unable,

for over thirteen months, to evaluate that information so as to intelligently determine whether a tender was being made and evaluate the tender's effect on the policy and operations of STS; whether the Bee-Self Group plans were in the best interests of STS; and whether they wished to purchase, retain or dispose of their interests in STS as a consequence of their evaluation of that information.

73. The conduct of the Bee-Self Group and the constituent members Defendants Bee, Self, T. Roulston, Roulston & Company, and the other Defendants will, if not enjoined

(a) result in a dislocation of the normal operations of STS, create uncertainty about its future control, its management, its policies and operations, and thereby disrupt, impede and otherwise dislocate the ordinary course of STS's business and its ability to pursue that business.

(b) severely affect the orderly market in the common stock of STS.

(c) result in an erosion in the confidence of the business community in general and in particular in the continuation of management so as to make more difficult, costly, or impossible borrowing for corporate purposes.

(d) result in an erosion in the confidence of the customers of STS in STS's ability to continue to provide the high levels of quality and reliability which are principal factors in attaining and maintaining its customers.

WHEREFORE, Plaintiff on its second claim prays

A. That the Court adjudge each of the Defendants Bee, Self, T. Roulston, Roulston & Company, Inc., the Other Defendants and the Bee-Self Group to have violated Section 14(d) of the Act and the Rules and Regulations promulgated thereunder;

B. That each of the Defendants and the Bee-Self Group, their agents, officers, associates, affiliates and all others conspiring or acting in concert with them or on their behalf, be enjoined for a period of three years from directly or indirectly:

1. voting in person or by proxy any shares of STS now held of record or beneficially by any of the Defendants with respect to (a) the election of directors, (b) any plan of merger, consolidation, or sale of assets and (c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS operations or formulate its policies.

2. soliciting from any STS shareholder any proxy, consent or authorization or support to vote the common stock of STS, or from voting any proxy or authorization now held with respect to (a) the election of director, (b) any plan of merger, consolidation or sale of assets, and

(c) any other scheme or plan to change or acquire control of STS which would allow any of them to direct STS's operations or formulate its policies.

3. Entering into future agreements with any other shareholders of STS to obtain control of STS.

4. Purchasing, acquiring or otherwise aggregating any additional shares of STS whether in the open market, by tender, by private negotiation or in any other manner.

5. Using or obtaining for any purpose any list of STS shareholders, or disclosing information in any list now held by them to any other person.

6. Taking any other steps in furtherance of any scheme or plan to acquire control and take over management of STS in violation of the Act and the Rules and Regulations promulgated thereunder.

C. That each of the Defendants, and the Bee-Self Group be directed to file with the Securities and Exchange Commission accurate statements in compliance with the requirements of Section 14(d) of the Act and the Rules promulgated thereunder.

D. That Plaintiff be reimbursed by the Defendants, and the Bee-Self Group for the costs, expenses and damage, including reasonable attorneys' fees, caused to it by the said unlawful acts.

E. That Plaintiff have such other, different or further relief as to the Court may seem just and proper.

Dated: Rochester, New York
April 17, 1975

HARTER, SECREST & EMERY

By: Stuart B. Mesmer
Member of the Firm

Attorneys for Plaintiff
Office and Post Office Address
700 Midtown Tower
Rochester, New York 14604
Tel: (716) 232-6500

STATE OF NEW YORK)
COUNTY OF MONROE) SS:

DOUGLAS M. JOHNSON, being duly sworn, deposes and says: that he is an officer, to wit: President of STECHER-TRAUNG-SCHMIDT CORPORATION, the plaintiff in the above-entitled action; that he has read the foregoing amended complaint and knows the contents thereof; that the same is true to the knowledge of deponent except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

Douglas M Johnson

Sworn to before me this
17 day of April, 1975.

KENNETH ROLFE
NOTARY PUBLIC, State of N.Y., Wayne County
My Commission Expires March 30, 1976

Kenneth R Rolfe
Notary Public

Exhibit I Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

VS.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT I TO COMPLAINT

Exhibit I Attached to Complaint.

CONDITIONS FACING BEE

1. Bee Chemical Company has traditionally been a technology/service oriented company specializing in coatings for plastics. Until the past 5 years, a major thrust of the company has been R & D and, in fact, production activities of the company only barely exceeded development activities.

2. Within recent years, these years of investment in R & D have led to successful products and market development opportunities that have resulted in a sales growth rate for BEE in excess of 40 percent per year.

3. The natural exploitation of this work through to the maximum potential markets has led BEE from the position of primarily a coatings manufacturer into the printing and total product identification field.

4. BEE's manufacturing, technical, and people skill resources (in the non-coating area) could soon become a limiting factor in maintaining the growth rate and expanding market dominance of the company.

4/1/74

Exhibit I Attached to Complaint.

CONDITIONS FACING S.T.S.

1. S.T.S. has a substantial position in a mature industry where meaningful growth for the company can only come by increased penetration of a price-sensitive market, which would probably be obtained at lower margins.

2. S.T.S. is facing major capital expenditures in the near future to offset lack of capital investment over the past 5 years. Proper utilization of this available capital is critical. It is questionable whether the best return on investment can be achieved by merely modernizing existing capabilities.

3. S.T.S. has acquired facilities, personnel, and market penetration over many years which are assets that can probably be better utilized in the future -- assuming a partial redirection of the company's total resources so as to generate better growth and profit, net of the inflation factor.

4. To achieve the best result, it would appear S.T.S. should consider, as a primary alternative, a merger with another substantial business enterprise to provide the company with new business horizons, diversification, and a revitalized sense of purpose, rather than embarking on the expensive and unproductive path of expanding in highly competitive and marginal markets dominated by larger companies with substantially greater resources.

4/1/74

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY

2700 East 170th Street
Lansing, Illinois 60438

MARCH 1974

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY

EARLY HISTORY

BEE CHEMICAL COMPANY was chartered as an Illinois corporation in October 1945 with a capitalization of $21,000 by Dr. Johan Bjorksten as an adjunct to the Bjorksten Research Laboratories (a professional research organization, now located in Madison, Wisconsin).

In 1946, M. A. Self and C. F. Roney established a laboratory in Columbia, Missouri, where Roney engaged in research and development of chemicals for use in the blueprinting industry.

In December of 1947, it was decided to combine the activities of BEE CHEMICAL COMPANY and those of Self and Roney, with Self taking over as President of BEE CHEMICAL COMPANY. BEE CHEMICAL COMPANY's annual turnover in 1947 was approximately $100,000, and consisted of cutting oils and grinding fluids, some custom packaged cleaning fluids for a leading watch manufacturer, and the custom manufacture and packaging of a coating designed to serve as a wax substitute. The staff consisted of two production workers, a clerk, and Self.

Also, late in 1947, an exclusive license was granted by Nash-Kelvinator Corporation (now American Motors) to BEE to manufacture and market a new, clear coating to make polystyrene plastic resistant to gasoline.

Following market studies, it was concluded by Self to concentrate BEE's limited funds and staff on the field of coatings for use on plastics and to discontinue the other lines because of their comparatively limited growth and profit potential and/or high capital requirements. While these studies indicated there was only a limited market for the clear coating developed for Nash, these studies did reveal there was a small but growing need for pigmented and colored coatings for use in painting polystyrene and other plastics in the appliance, automotive, sign, and other markets in which plastics were beginning to find an important place.

When Mr. Roney received his Master's Degree in Chemistry from the University of Missouri and joined BEE in the spring of 1948, the primary effort of the company was concentrated on adapting the Nash-Kelvinator clear coating to a colored coating system for painting plastics. From this point, the Company concentrated on becoming the leading specialty company in the field of paints and lacquers for use in decorating and painting of plastics.

OVERVIEW

The company experienced steady growth, reaching a turnover of approximately $1 million annually by 1960, approximately $6 million by calendar year 1970, and approximately $20 million by calendar year 1973. Volume is expected to reach approximately $30 million in calendar year 1974. In spite of the company's relatively small size, by 1960 the company had developed a worldwide reputation in the field of coatings for use on plastics and the related field of vacuum metallizing coatings for use on plastics (a process which provides plastics with a bright, reflective silver or gold appearance). In more recent years, the company has also become an important factor in the field of hot stamping foils, machinery to apply stamping foils, quality metallized plastic film, typewriter correction paper, MICR encoding ribbons, and pigment dispersions. In addition, the company has a growing position in the fields of plastic and aluminum film laminating, various clear and printed pressure-sensitive adhesive-coated plastic film used to manufacture nameplates, permanent labels, etc.

Operations have remained profitable following modest losses during the first couple of years after Self took over the active management of the company. Essentially all financing has been handled through retained earnings and borrowing.

Bjorksten continued as an inactive shareholder from 1947 to 1956, at which time Self purchased his remaining interest.

LOCATIONS AND OPERATIONS

BEE CHEMICAL COMPANY (Lansing, Illinois)

The Chicago-area headquarters -- offices, laboratory, and plant operation -- were relocated from the south side of Chicago to Lansing, Illinois, in 1961, on a 15-acre tract of land in an industrial area in Lansing, and BEE currently occupies approximately 120,000 square feet of buildings at the Lansing site. Most of the land is still available for future expansion.

In 1968, BEE leased an 8,000 square foot building on 21,000 square feet of property in Troy, Michigan (a suburb of Detroit), to establish a laboratory and sales facility as an extension of the Lansing operations to better serve the important automotive market.

Coatings, stamping foils, and pigment dispersions are manufactured at the Lansing plant. Sales in the current year are projected at approximately $15.0 million.

Exhibit I Attached to Complaint.

BEE CHEMICAL COMPANY - Coated Film Division
(Union City and Fairfield, New Jersey)

This division operates in two facilities in New Jersey. The Union City facility is 60,000 square feet and the Fairfield (Business Products) facility is 30,000 square feet. Stamping foils and machinery are manufactured at the Union City plant; and various office products, laminates, and metallized film are produced at the Fairfield plant. Sales in the current year are projected at approximately $9 million.

BEE CHEMICAL COMPANY (Gardena, California)

A plant to manufacture coatings was established in Gardena in 1963. This plant enjoys a turnover of approximately $2.0 million, consisting of paint and pigment dispersions, and operates as a separate profit center under a General Manager. In addition, this division sells hot stamp foils produced at other BEE locations. The operation is housed in a building with approximately 25,000 square feet situated on approximately 50,000 square feet of land.

AMERI-CAL CORPORATION (Medina, Ohio)

BEE CHEMICAL COMPANY has agreed in principle to acquire Ameri-Cal Corporation, a small, high-quality manufacturer of pressure-sensitive printable films used in the graphic arts industry.

Ameri-Cal's line of products includes printed polyester, acetate, and vinyl films; overlaminating polyester films for protecting nameplates and decorative markings; gold and silver metallized polyester films for embossing and printing; transparent films for two-way signs and labels; and special pressure-sensitive products, such as "Glitter-Stix" multicolor aluminum flaked films, woodgrain films and anti-skid safety material for architectural use.

The addition of Ameri-Cal takes BEE into the dynamically growing, pressure-sensitive film market in which BEE can incorporate much of its traditional coatings and plastic film technology.

Under the previous arrangement, sales during the current year were expected to be slightly under $1.0 million; however, BEE's in-place, worldwide marketing structure is expected to provide a dramatically expanded market for Ameri-Cal's products.

BEE CHEMICAL COMPANY (U.K.) LTD. (London, England)

BEE CHEMICAL COMPANY (U.K.) LTD. was established in 1964. BEE (U.K.) began with a small laboratory and marketing staff and arranged to have their coatings custom made by a local paint manufacturer. In October 1965, BEE (U.K.) established its own manufacturing operations in a leased plant. In 1972, the coatings business of B.C.L. (which was jointly owned by Cargill of the U.S. and Blagdens of England) was purchased, and the BEE and B.C.L. coatings operations were joined in the former B.C.L. plant (which was included in the acquisition) at Lower Sydenham in London. Combining the operations permitted establishing a greater depth and specialization in the BEE (U.K.) management, which is serving to accelerate the growth and expansion at BEE (U.K.) and, in turn, is enabling the operation to more effectively supply both the English and Continental markets. Sales for the current year are projected at $2.5 million, consisting primarily of locally manufactured paint and imported stamping foil.

BEE (U.K.) is a wholly owned subsidiary of BEE CHEMICAL COMPANY and currently operates as a separate profit center in a 28,000 square foot building on a 1.45 acre site. The company is under contract to sell this property, and tentative plans have been made to relocate the plant in a 40,000 square foot building on a 3 acre site near Manchester, England, where numerous benefits are available.

NIPPON BEE CHEMICAL CO., LTD. (Osaka, Japan)

In February 1971, BEE CHEMICAL COMPANY established a 50-50 joint subsidiary with Nippon Paint Co., Ltd., the second largest paint manufacturer in Japan, under the name of NIPPON BEE CHEMICAL CO., LTD., which has the exclusive rights to manufacture and market coatings for use on plastics in Japan and throughout much of the Far East. All plastic coatings technology from BEE CHEMICAL COMPANY and/or Nippon Paint Company is supplied to NIPPON BEE CHEMICAL CO., LTD., and any and all technical or marketing information available to NIPPON BEE is available exclusively to BEE and its other operations throughout the world. This joint venture company is in its fourth year of operations.

BEE CHEMICAL COMPANY receives a royalty on all NBC sales. The fact that such a large and leading paint manufacturer as Nippon Paint would make this type long-term joint venture with BEE provides some indication of the respect with which BEE's technology and overall capability is regarded.

The operation lost money during its first year, made a very small profit during its second year, and made up all prior losses and a very satisfactory return on sales and the investment during the third year, as was originally anticipated. Manufacturing for the joint venture company is handled by Nippon Paint Company on a toll basis. There are plans for NBC to establish their own manufacturing plant when the volume reaches the level so this would be economical. The turnover during the current year is expected to be $1.5 million.

NIPPON BEE has already succeeded in establishing a fair market position in Japan, Taiwan, and Hong Kong, and is currently in the process of expanding its activities to Singapore and other Far Eastern locations. This company is now capably staffed with well-trained technical and marketing groups.

AMERICAN SUPPLY CORPORATION

BEE CHEMICAL COMPANY is under contract to acquire a 66-2/3 percent interest in American Supply Corporation, a group of five European marketing organizations with warehouse and sales operations in France, Italy, Germany, Belgium, and Sweden. The legal formalities are expected to be completed by not later than June 1, 1974.

American Supply specializes in marketing stamping foils, application machinery, and liquid coatings to the plastics and graphic arts industries of Europe through 12 full-time salesmen. This acquisition provides BEE a strong marketing arm on the Continent around which to build an expanding position in Europe. The combined sales of the American Supply companies during the current year are projected to be in excess of $2.0 million.

MAJOR PRODUCT LINES AND MARKETS

LIQUID COATINGS

Most of the company's business in coatings is in the form of pigmented paints for use on plastics. In view of the great many types of plastics, their susceptibility to attack by solvents, and the great variety of applications in which plastics are used, a greater technical knowledge and skill is required in the development of these coatings than is true for some of the more common industrial finishes for metal, wood, etc.

Included in BEE's line of coatings are clear finishes for use in conjunction with vacuum metallization. This product line can be successfully supplied only by those who do rather extensive R & D and who have vacuum metallizing equipment for development and control evaluations. Also, these

products can be successfully marketed only by supplying a goodly amount of technical assistance and service to the customer, which requires an experienced technical service staff knowledgeable in this field.

Sales of coatings for the current year are expected to be approximately $14.0 million, with over 90 percent being for use in painting of plastic and/or for use in conjunction with vacuum metallization of plastics.

It is estimated that BEE's current coatings business is divided by market approximately as follows:

Automotive	35%
Appliance (including TV and radio, air conditioners, etc.)	25
Furniture	5-10
Building products	5-10
Other	20-30

BEE has traditionally concentrated on those markets which demand high quality and in which there are rigid specifications for performance. Therefore, BEE has gained a good reputation and the necessary experience to supply quality coatings for use on plastics on both the interiors and exteriors of automobiles, exterior plastic shutters (in the building products field), high-abrasion and alcohol-resistant products for use on TV cabinets. Additionally, BEE has developed the ability to provide products with the desired esthetic characteristics to meet continually changing designer requirements.

Over 90 percent of BEE's coatings products are sold through its own sales force, with qualified agents being used in selected areas where staffing by direct sales personnel is not justified.

BEE has approximately 800 coatings customers in the United States. These include captive plants in the automotive, appliance, clock, sign, and other markets, as well as custom molders and finishers serving these end users. Due to the size and financial strength of the customers, credit losses have been minimal.

UNIVERSAL COLOR DISPERSIONS

In 1971, the company introduced a unique line of pigment dispersions compatible with essentially all non-aqueous industrial finish vehicles. BEE originally developed the Universal Color Dispersions to simplify its own manufacturing operations.

A special division and sales agents were established to market these dispersions to other coatings manufacturers and users of pigment dispersions. Sales during 1973 amounted to approximately $700,000. Sales during the current year are expected to exceed $1.5 million. This product line has been exceptionally well received, and the sales growth rate has been primarily controlled by the limited availability of pigments.

A new dispersion system is being added, a new Aqua Line, which has wide compatibility in aqueous industrial finishes. This new product line holds special interest at this time in that it eliminates technical difficulties in pigmenting high-quality water coating systems for industrial applications.

HOT STAMP FOIL AND
STAMPING FOIL MACHINERY

In late 1971, it was determined that BEE CHEMICAL COMPANY would enter the new and rapidly growing field of hot stamp foils. Hot stamp foil is manufactured by using a thin plastic film (polyester or cellophane) which is coated by one of several methods. Customers who purchase hot stamp foil transfer the coatings from the plastic film carrier to the plastic, paper, or other surface by use of a hot roller and/or a stamping die. Hot stamp foils essentially provide an alternate method of painting or coating plastics, paper, leather, and other surfaces.

Hot stamp foils are supplied in straight pigmented colors, brights (clear coatings between which is sandwiched vacuum metallized aluminum giving the appearance of bright silver, gold or chrome), and/or special designs (such as simulated woodgrain appearances). A typical application for a woodgrain hot stamp foil is on plastic TV cabinets where a sandwich of up to seven coats (which have been applied to a plastic film carrier by use of a multi-head gravure printing press) is then transferred from the plastic film carrier to a TV cabinet by heat and pressure. In such an instance, hot stamp foils greatly simplify the user's coating operations by eliminating the need to apply the coatings singly. BEE's ability to manufacture woodgrain hot stamp foils on multi-head gravure equipment in register, so as to provide high-quality printing and fine detail, makes possible a much improved appearance over what is possible otherwise. Hot stamp foils also eliminate pollution problems for the customer in that organic solvents are eliminated for the user.

A 5-year-old study by a leading plastic film supplier indicated the hot stamp foil market was expected to grow at 25 percent compounded annually. Our own studies indicate this was a conservative estimate.

BEE CHEMICAL COMPANY had an unusually strong position for entering this market in that the customers (including large automotive manufacturers, appliance manufacturers, and plastic molders and decorators) were existing customers for BEE CHEMICAL COMPANY coating products. Second, BEE had the in-depth coating technology for the high-specification coatings desired by these outlets. Thus, to manufacture foil, BEE installed coating, printing, and continuous vacuum metallizing equipment to apply the coatings to the plastic film carrier in a new $1 million plant in Lansing in 1972.

In April 1973, the Roll Leaf Division of Howmet Corporation was acquired and became the Coated Film Division of BEE CHEMICAL COMPANY. The Howmet acquisition provided BEE with established products and markets in the hot stamp foil field in excess of $3 million in annual turnover. By virtue of BEE's superior coating technology position, the Howmet products have in a number of instances been upgraded.

Howmet's marketing strengths and products served to complement those of BEE in the hot stamp foil field in that Howmet was strongest on the East Coast, in the export market and in the U.S. distributor market, while BEE was strongest in the Midwest and West with a strong, direct sales force in the automotive and appliance markets. Total stamping foil sales for the current year are projected at $9-10 million.

Further, the Howmet acquisition provided BEE with a line of well-designed application equipment. Howmet's turnover in this line was approximately $800,000 per annum. This was a highly desirable addition in that all other leading manufacturers of hot stamp foil also manufacture and supply application equipment. Howmet had a small but capable engineering staff which became the nucleus for expanding and improving the equipment line. Sales of machinery for the current year are projected at $1.3 million.

BUSINESS PRODUCTS AND
OTHER MISCELLANEOUS PRODUCTS

The Fairfield operation, also acquired from Howmet, provided BEE with important diversification in a related line in that this facility offers a number of well-received products in the office products field. These consist of coated plastic film or paper, which are used employing the cold, rather than the hot, transfer method. The growth potential in this market appears excellent and BEE's coating technology is being used to good advantage to expand and improve upon the product lines in this part of the business. This product line consists of typewriter correction products, magnetic encoding ribbons, composing ribbons, and metallized film for office copiers. Also, a small volume of plastic film and aluminum foil

is coated, laminated, and slit for sale as electrical cable wrapp[illegible]. The volume at Fairfield is approximately $2.5 million.

Assuming the Ameri-Cal acquisition is completed as expected, an additional $1 million in turnover will be added with this line of adhesive products.

TECHNICAL

From the beginning, BEE established the plan to have a strong R & D and technical service competence in that it was involved in the new field of plastic coatings in which knowledge was very limited. This established for BEE an early reputation of having an unusual capability to solve customer problems and to innovate new ideas, which in turn served to open new market possibilities. Out of a total BEE staff of 600 (excluding our joint venture company in Japan), approximately 70 employees are engaged in the technical, product development, and technical service sides of the business.

MARKET POSITION

The market for plastics is growing more rapidly than the general economy. C & E News reported plastics had a growth of 19.7 percent during the year 1973. While detailed studies have not been made, it is the judgment of BEE CHEMICAL COMPANY's marketing staff that the market for coatings for plastics and hot stamp foils for use on plastics is growing more rapidly than the market for plastics because the new and expanded uses for plastics increasingly involve the use of coatings and/or foils for either decorative or functional purposes in the automotive, furniture, building products, etc. fields. For example, sales at BEE (Lansing) expanded in excess of 53 percent during the fiscal year ending January 31, 1974, as a result of growth of the total market, increased market penetration, and expansion of the product line. Due to BEE's combined emphasis on technical competence and a strong direct sales and marketing program, it is anticipated BEE will further increase its market share of coatings, hot stamp foil, and other products during the coming year.

While no reliable information as to the total market for plastic coatings is available, BEE estimates it currently holds 20 percent of the total market in the United States, and substantially lesser amounts in other important world markets in which BEE is currently in the process of establishing strong positions. Our share of the hot stamp foil market is approximately 10 percent.

Exhibit I Attached to Complaint.

MANAGEMENT

M. A. SELF has served as President of BEE CHEMICAL COMPANY from 1947 to the present.
Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943.
Prior to joining BEE, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development.
He is 52 years old.

ARTHUR S. HECKER has served as Vice Chairman of the Board of BEE CHEMICAL COMPANY since April 1973.
Mr. Hecker attended University School in Cleveland, Ohio, and Babson Institute of Business Administration in Wellesley, Massachusetts.
His employment history includes 22 years with A. W. Hecker Company, a manufacturer of aircraft sub-assemblies. He served as President from 1958 until 1971.
Mr. Hecker also spent one year with Merrill Lynch, Pierce, Fenner & Smith; and is a Director of Pioneer Mutual Funds in Boston, Massachusetts.
He is 46 years old.

ROGER F. HRUBY, Executive Vice President, has been with BEE CHEMICAL COMPANY ten years and has operating responsibility for the U.S. operations.
Mr. Hruby received a B.S. degree in Chemistry from North Central College in 1958, and an M.B.A. from the University of Chicago in 1972.
Prior to rejoining BEE, he worked with Michigan Chrome & Chemical for one year as Sales Manager. His employment history also includes four years as President and chief executive officer for Plastron Corporation, as well as Chairman and chief executive officer of Litho Glass Inc.
He is 39 years old.

JAMES C. EDWARDS, Corporate Vice President of Finance, has been with BEE CHEMICAL COMPANY for eight years.
Mr. Edwards received a B.B.A. degree from the University of Cincinnati in 1955, majoring in Finance.
Mr. Edwards has served BEE as Corporate Controller; Vice President, Operations of the Central Division; and recently as Vice President and General Manager of the Western Division.
Prior to joining BEE, he had 11 years' experience with Arthur Andersen & Co., serving as Manager of Small Business Division in their Cincinnati office.
He is 43 years old.

SEBASTIAN J. DOLCE, General Manager of the Coated Film Division in New Jersey, joined BEE CHEMICAL COMPANY in April 1973.
Mr. Dolce graduated with a B.S. degree in Mechanical Engineering from Pratt Institute of Technology.
Prior to joining BEE, Mr. Dolce had served as Director of Operations of the Roll Leaf Division of Howmet Corporation. He has also served as Executive Vice President and General Manager of Lewis Engineering Co. and President of Mecca Machinery Co.
He is 51 years old.

GEORGE D. LUTZ has been with BEE CHEMICAL COMPANY for two years and is General Manager of Western Division in Gardena, California.
Mr. Lutz's educational background includes a Bachelor of Chemical Engineering degree from Villanova University (received in 1963), two semesters of law courses at Temple University, and one semester M.B.A. courses at Temple University.
Prior to joining BEE, he had three years' experience with Atlantic Refining as a Development Engineer. He also had four years with General Electric as Manager, Market Development.
He is 33 years old.

RICHARD E. JARZOMBEK, Director of Coatings Research & Development, has been with BEE CHEMICAL COMPANY for 22 years.
Mr. Jarzombek received a B.S. in Chemical Engineering from Purdue University in 1951.
He is 44 years old.

CHARLES F. RONEY has been with BEE CHEMICAL COMPANY for 26 years, and his current position is Manager, Research & Development - Foil Div.
Mr. Roney has a B.S. in Chemical Engineering, which he received from Missouri University in 1945, and an M.S. in Organic Chemistry from Missouri University, which he received in 1948.
Prior to joining BEE, he worked at Sharples Chemicals for two years as a chemist.
He is 56 years old.

DAVID G. FRITZINGER has been with BEE CHEMICAL COMPANY for 5-1/2 years, and his current position is Manager of the Automotive Division.
Mr. Fritzinger received a B.S. degree from Indiana State in 1960. He has 30 hours of graduate work in Chemistry.
Prior to joining BEE, he worked at Sherwin Williams for 4-1/2 years as Group Supervisor for Automotive Development. His employment history also includes four years of teaching math and chemistry at the high school and junior college level.
He is 35 years old.

JOHN V. SYNOL joined BEE CHEMICAL COMPANY in 1974 and is Director of Operations at Lansing, Illinois.
Mr. Synol's educational background includes a B.S. degree in Chemical Engineering from Newark College of Engineering.
Prior to joining BEE, Mr. Synol was with Inmot Corporation for 14 years, serving in various capacities including Design and Process Engineering, Plant Engineer, Plant Superintendent, Plants Manager for North Carolina and New Jersey facilities, and National Accounts Manager.
He is 32 years old.

DR. ROBERT ROZETT, Manager of Engineering and Planning at Lansing, Illinois, joined BEE CHEMICAL COMPANY in 1974.
Prior to joining BEE, Dr. Rozett served for seven years as Technical Director of Celanese Coatings Company. He has also served as Technical Supervisor for Allied Chemical Co. and Merck & Co.
Dr. Rozett received his B.S. and M.S. degrees in Chemical Engineering from Columbia University, and received his Ph.D. in Chemistry from North Carolina State University, where he also served as a Professor of Chemical Engineering.
He is 45 years old.

RALPH F. RIEDEL joined BEE CHEMICAL COMPANY in 1974 as Special Projects Manager, Foil Division. Mr. Riedel came to BEE from Dri-Print Foils, Inc., where he had served as Vice President and General Sales Manager. He has also served as Marketing Manager for MSL Plastics Division of MSL Industries and handled technical sales for Rohm & Haas Co.
Mr. Riedel received his B.A. in Chemistry from American International College.
He is 43 years old.

M. K. DAVIES, Managing Director, BEE CHEMICAL COMPANY (U.K.) LTD.
Mr. Davies joined BEE (U.K.) in 1972 as Sales Manager after serving as Sales Manager of B.C.L. Coatings, Ltd. Mr. Davies has also served as Manager of the London Branch of Coolag, Ltd., a subsidiary of Shell Oil Co.
He is 34 years old.

DAVID W. MENDEZ, Director of Operations, BEE CHEMICAL COMPANY (U.K.) LTD. Prior to joining BEE (U.K.) in 1972, Mr. Mendez was Chief Chemist for B.C.L. Coatings, Ltd. His employment history includes serving as Production Manager for B.J.N. Paint Co. (Ltd.) and as a chemist for the Ministry of Defence.
He is 38 years old.

Exhibit II Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT II TO COMPLAINT

Exhibit II Attached to Complaint.

PROXY FOR THE ANNUAL MEETING ON APRIL 17, [illegible] 39,000 shs

KNOW ALL MEN BY THESE PRESENTS: #01

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a) For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By [signature] _____
AUTHORIZED SIGNATURE

Dated April , 1974

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE
MANAGEMENT OF STECHER–TRAUNG–SCHMIDT CORPORATION

STECHER–TRAUNG–SCHMIDT CORPOR[illegible]ON

PROXY FOR THE ANNUAL MEETING ON APRIL 17, 1974 #02
7200 shares

KNOW ALL MEN BY THESE PRESENTS:

That I, the undersigned, a stockholder of Stecher-Traung-Schmidt Corporation, do hereby constitute and appoint Ralph J. Wrenn, John W. Remington, George R. Williams and Douglas M. Johnson, or any of them, with power of substitution, as proxies to appear and vote all of the shares of common stock standing in the name of the undersigned, at the Annual Meeting of Stockholders of the Stecher-Traung-Schmidt Corporation to be held in the Auditorium of Lincoln First Bank of Rochester, One Lincoln First Square (Third Floor), Rochester, New York on the 17th day of April, 1974 at four o'clock P. M., and at any and all adjournments thereof; and the undersigned hereby instructs said attorneys to vote:

(a) For the election of ten directors;

(b) FOR ☐ AGAINST ☐ the selection of Coopers and Lybrand as auditors for the Company for the fiscal year ending December 31, 1974;

(c) upon any other business that may properly come before the meeting or any adjournment thereof.

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER. IF NO CHOICE IS SPECIFIED, THE PROXY WILL BE DEEMED TO APPOINT PROXIES WITH AUTHORITY TO VOTE FOR ITEM (b).

By [signature] _____
AUTHORIZED SIGNATURE

Dated April , 1974

Please date, sign and return this proxy promptly in the enclosed stamped envelope.

THIS PROXY IS SOLICITED ON BEHALF OF THE
MANAGEMENT OF STECHER–TRAUNG–SCHMIDT CORPORATION

Originals in Vault (1st Fl.)

Exhibit III Attached to Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT III TO COMPLAINT

Exhibit III Attached to Complaint.

BEE CHEMICAL COMPANY
FINANCIAL ANALYSIS

JUNE 1974

Exhibit III Attached to Complaint.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
PRODUCT LINES	2
FUTURE MARKET TRENDS	5
PLANT LOCATIONS	6
PERSONNEL	11
FINANCIAL POSITION	12
SUMMARY	16
EXHIBITS	
- Management Personnel	A
- Consolidated Statement of Income	B
- Consolidated Assets	C
- Consolidated Liabilities and Stockholders' Equities	D
- Consolidated Statement of Changes in Financial Position and Working Capital	E
- Breakdown of Sales by Division	F
- Selected Financial Data and Ratios	G
- Projected Forecasts of Income	H

Exhibit III Attached to Complaint.

Introduction

Bee Chemical Company was chartered in 1946 as an Illinois corporation by Dr. Johan Bjorksten as an adjunct to the Bjorksten Research Laboratories, a professional research organization located in Madison, Wisconsin. In that same year, M.A. Self and C.F. Roney engaged in the research and development of chemicals for use in the blueprinting industry.

Late in 1947, the two activities were merged and M.A. Self became the President of Bee Chemical. At this time the company produced cutting and machining oils and was also a custom manufacturer and packager of a coating designed to serve as a wax substitute.

The marketing direction of the company changed late in 1947 when an exclusive license was granted by Nash-Kelvenator Corporation (now American Motors) to manufacture and market a new clear coating, which provided a gasoline-resistant covering when applied to polystyrene plastic. From this time on management decided to direct all of its funds and staff to coatings for use on plastics and discontinue all other product lines. The company concentrated on becoming the leading specialty company in the field of paints and lacquer for use in decorating and painting of plastics. Over the past 25 years, the Company has become a leading factor in the plastic coating industry. The Company now has over 600 customers for the coating products and over 700 customers for non-coating products that have been developed or acquired in recent years.

New product development, tight quality control, and persistent sales engineering have been the important factors in Bee's success in serving the rapidly changing plastics industry. Coating applications have been multiplying even faster than the plastic industry which, in turn, has enjoyed an above average industry growth rate.

The total industrial coatings sector of the paint industry has

been growing over the past 15 years at an annual rate of 3.7% for gallonage and 5.8% for dollar sales. Industry economists are expecting that during the 1970's gallonage will grow at a 4.0% rate and sales at 6.0%. However, coatings for plastics should grow at least half again as fast or 6.0% and 9.0% for gallonage and dollar sales respectively.

Research and development has always been paramount at Bee. Over the last five years the Company has spent more than a million and a half dollars in research and development with over $400,000 spent in the last fiscal year.

Product Lines

Coating for plastics - According to industry sources that we interviewed, Bee is one of the two recognized leaders in this specialized field. Bee's coatings are sold to the following markets:

Automotive	35%
Appliance and general industrial	40%
Miscellaneous plastics	25%
	100%

In all of these markets the number of different applications are multiplying every year. Less than 10% of Bee's coatings are applied to non-plastic surfaces.

The average price per gallon of Bee coatings is $5.78 which is substantially ahead of the overall industrial coating average of around $3.25 per gallon. The reason for the large spread is that Bee's product is normally developed to solve a customer's specific coating problem which entails the support of Bee's technical service laboratories. Therefore, Bee's sales are done on a job order basis and command a higher unit price.

Bee's current market share is estimated to be 10%. This market penetration is forecasted by management to increase to the level of 12% to 15% during the next couple of years as a result of a larger sales force,

the penetration into new territories and a superior product position. Bee also foresees an increase in sales because of the ever increasing use of plastics in new applications. For example, the furniture industry is replacing wood with plastics which require new and specialized coatings. Another market that is expanding at a fast pace is coatings for the textile industry and Bee plans to enter this market in the near future.

Universal Color Dispersion (UCD) - This product is newly developed by Bee and is a derivative of the basic coatings business. As a marketing tool, the Company has always promised fast delivery and being a job order ship, the company needed a way to have in stock pre-dispersed pigment. UCD meets this need by dispersing pigment ahead of time in a meduim that is compatible with nearly all end-use resin systems. Now when an order is received, the proper color UCD is simply added to the particular resin without going through a pigment formulation process that can consume 1 to 2 days of ball mill time.

This "pre-production" pigment system is also attractive to large paint companies as a means of reducing inventory of small volume colors and in gaining better equipment utilization. Smaller paint companies that can appreciate the cost and time savings potential will add to the market potential for UCD. The major market will be manufacturers of industrial coatings rather than makers of "trade sales" paint for the retail and contractor markets.

Sales of Bee's UCD products are on a growth curve that is doubling each year and would be even higher if sufficient raw materials were available. Volume is expected to go from $700,000 in fiscal 1974 to $1,750,000 in fiscal 1975. In fiscal 1976, sales will be assisted by the new plant in England which will begin to manufacture UCD. About 50% of last year's sales was used in-house and 50% was sold to other coatings manufacturers. Since a large part of the domestic sales of UCD are sold to Bee's competitors, the

Company believes that a separate distribution channel is appropriate. Presently, the product is being sold by manufacturer's representatives under the direction of a product manager at Bee who reports to the Executive-Vice President rather than to the Sales Manager.

Hot Stamp Tape - At the end of 1971, Bee entered the new and rapidly growing field of hot stamp tape (often called hot stamp foil, roll leaf, or coated film). Hot stamp foil is manufactured by using a thin plastic film (polyester or cellophane) which is coated. Users of the tape transfer the coating from the plastic film carrier to the plastic, paper, or other surface by use of a hot roller and/or stamping die. The tape essentially provides an alternate method of painting or coating.

The foils are supplied in pigmented colors, brights (clear coatings between which is sandwiched vacuum metallized aluminum to give the appearance of bright silver, gold or chrome), and patterns (such as simulated woodgrain which can be used on TV cabinets, clocks, radios, etc.) Foils simplify the user's coating operations by eliminating the need to apply the coatings singly and to wait for drying time. This coating method has the additional advantage of transferring the pollution problems from the user's factory to Bee's facility where it can be dealt with on a single source basis.

Bee had been buying substantial quantities of tape from the Japanese but now purchasing is limited to some "brights" since in-house capability has been attained. For the most part, the tape made at Lansing meets a high specification level which appeals to big volume users such as automotive and appliance manufacturers. Bee has invested heavily in the development of high-quality tape production over the last two years and should now begin to reap the reward of these efforts. The savings due to in-house production vs. purchases from Japan is approximately 40% of cost. The tape produced at Union City enjoys a broader market and a longer list of customers but for the most part does not meet the same high specifications as Lansing's tape. Both are

similar in appearance but are produced for a different market.

Bee estimates its share of the tape market was about 10% in 1973 and expects to strengthen its position to 15% by fiscal 1976. This optimism is predicated upon the following factors:

- Improved productivity and product quality at Union City
- Improved product quality at Lansing
- Increased marketing overseas.

Market growth has been very strong and is forecasted by a major suppiier of plastic film to increase more than 25% annually during the next few years.

In conjunction with hot stamp sales, Bee manufactures and assembles a broad line of machinery for the stamping application. These machines range in price from $1,500 to $20,000. Bee plans to invest more funds in this area in order to become a stronger competitor.

Although there are several other companies that also produce this machinery, there are only a limited number of other producers of both film and machinery. Bee believes this ability to offer "the razor as well as the blade" provides a marketing edge over many of its rivals. Furthermore, Bee should maintain this edge since the start-up cost of entering the machinery business is nigh enough to discourage "tape only" competitors.

Business products - In 1973, the company diversified into the area of business products such as typewriter correction products, magnetic encoding ribbons for checks and credit cards, composing ribbons, and metallized film for office copiers. These products are presently being made for companies such as Burroughs and NCR. In the future, the company may decide to market these items under the Bee label but presently marketing and promotion costs have delayed such a move.

Future Market Trends

From a macro-economic point of view there are some trends that will benefit all of Bee's products:

- Environmental control at customer factories makes hot stamp tape

more attractive than traditional coatings since the solvent disposition problem is eliminated. In effect, hot stamp tape producers such as Bee deal with the pollution problem at their plants and the customer receives a "clean process" material for application to his products.

- Energy conservation will dictate greater usage of higher weight materials such as plastics due to considerations of energy consumed in manufacturing the product components and in transporting the finished products. In effect, "frozen petroleum" in the form of recyclable plastic will gain on other materials that use more petroleum on a non-recoverable basis.

- Automotive safety and lower cost of repair requires more plastic in such areas as bumper fillers and flexible front ends. There is reason to believe that more exterior parts will go plastic for corrosion resistance so cars will be kept longer by original owners and thereby reduce the need for new raw materials. Interior usage could increase as more passive restraint systems are introduced for safety reasons.

- Maturity of plastics as a material that is no longer a "cheap substitute". This maturation of plastics as a quality material in it's own right has been aided by the producers of super-quality coatings and hot stamp tape who, in turn, benefit from the expanded volume of higher-priced applications.

The net effect of all these "big picture" trends will be more synthetic materials for Bee to coat with paint or hot stamp products.

Plant Locations

Geographically, Bee has expanded its manufacturing coverage nationally and internationally to match its marketing patterns. Operations are now performed at five locations in the United States: Lansing, Illinois;

Troy, Michigan; Gardena, California; Union City, New Jersey; and Fairfield, New Jersey. Overseas locations include London, England and Osaka, Japan.

Lansing, Illinois - The corporate headquarters as well as the Central Division management are located at Lansing which is 20 miles southeast of Chicago. The plant consists of 120,000 square feet in three single-story buildings. Office, laboratory, manufacturing and warehousing facilities are all relatively new (1961 or later) with substantial additional space being completed in the past two years. The lease rental is $105,000 paid to an associated company.

This plant manufactures coatings, UCD, and hot stamp tape. Extensive testing equipment is on hand for quality control, sales engineering, and research.

Warehousing is primarily confined to raw materials inventory with the finished goods inventory consisting mainly of products ordered for release over a 90-day period. This order release program is a customer service and the savings from volume batching are shared with the customer. Containers and drums are always stored in highway trailers to avoid occupying plant space and double handling.

The older warehouse building is in the process of being converted into a manufacturing facility for UCD which will increase capacity by 200% to 300% of current volume. With this separation of UCD and coatings production into two different buildings, about 25% more coatings capacity will be available. This move will also eliminate the current exposure of clear coatings to air-borne pigment contamination as a result of being made in the same space as the UCD.

Hot stamp tape manufacturing is centered in the newest building

and present capacity can be expanded by 150% with the addition of around $200,000 worth of equipment. A considerable amount of expansion can occur at Lansing withou adding new floor space. Moreover, there is additional land available if and when more space must be built.

Troy, Michigan - This 8,000 square foot facility was established to serve the automotive industry with a specialized sales staff and laboratories. This facility is an extension of the Lansing operation. Lease rentals are $14,000 per year.

Gardena, California - Offices, manufacturing and warehousing are located in a 25,000 square foot plant. This facility constitutes the Western Division which manufactures its own coatings and UCD but acts as a distributor of hot stamp tape. The annual lease rental is $30,000.

Eastern Division - During April, 1973, the Company purchased from Howmet Corporation certain operating assets located at Union City and Fairfield, New Jersey. The purchase price was $1,600,000 consisting of $627,000 for machinery and equipment and $973,000 for inventory. The acquisition was accounted for as a purchase so the results of operations are included in the consolidated financial statements from the date of acquisition. The Union City location is now the Coated Film Division of Bee and the Fairfield is the Business Products Division.

Union City, New Jersey - This acquisition provides Bee with a broader line of established coated film products and markets. These products compliment the generally higher specification tapes which are produced at Lansing. In addition, Union City augments Bee's sales force on the East Coast. And finally, the acquisition gives Bee a line of application equipment to be used with the hot stamp tape. Offices, laboratories, manufacturing, and warehousing are housed in an old multi-story building in the center of Union City. This facility has 60,000 square feet at an annual rent of $60,000 until April 1976.

Exhibit III Attached to Complaint.

The middle section of the first floor (around 20,000 square feet not included in the above 60,000) of the Union City complex is leased to the Siebert Trucking Company which makes a poor building layout even worse. Moreover, the city is contemplating acquisition of this property for use as a parking garage since this is an extremely high density neighborhood and parking is sorely needed for the nearby shopping area. The city might use condemnation harassment over pollution to force this issue. On the other hand, the city would lose a large number of jobs for unskilled workers so this issue may not be seriously joined for a long time. Relocation of Union City operations to Fairfield is currently not entirely feasible because of the natural gas shortage which has led to restrictions on new plants that have a high rate of gas usage such as Bee where gas is used in the drying process for the hot stamp tape manufacturing.

Fairfield, New Jersey - This facility produces all of the office products. The plant itself has 31,300 square feet located on 6 acres with an annual lease of $36,000. Bee holds an option for the purchase of this property at an extremely favorable purchase price of $450,000. There is a large amount of unused or under utilized space which would permit doubling or tripling of output without adding more square footage.

The new manager at Fairfield has solved the problem of excessive returns of MICR tape and is making significant productivity gains through in-house machinery design and re-design. There is also better inventory control and marketing support. The whole workforce seems to be "turned on" to really produce. The second shift now in use could be expanded and capacity would double with a minimal addition of equipment. A new sales manager and technical man are being added to expand the sales of business products.

Exhibit III Attached to Complaint.

There are opportunities for substantial economies at Union City and increased productivity at Fairfield. Ben Dolce, the General Manager and his staff seem very capable and well motivated to realize these opportunities.

Bee Chemical Company (U.K.) Ltd., (London, England) - This wholly-owned subsidiary, was established in 1964. Bee (U.K.) began with a small laboratory and marketing staff and arranged to have their coatings custom made by a local paint manufacturer. In October 1965, Bee (U.K.) established its own manufacturing operations in a leased plant. In 1972, the coatings business of B.C.L. (which was jointly owned by Cargill of the U.S. and Blagdens of England) was purchased. Bee and B.C.L. coatings operations were joined in the former B.C.L. plant (which was included in the acquisition) at Lower Sydenham in London. Combining the operations permitted establishing a greater depth and specialization in the Bee (U.K.) management. This is serving to accelerate the growth and expansion at Bee (U.K.) and, in turn, is enabling the operation to more effectively supply markets in both the United Kingdon and the continental countries.

Sales consist primarily of locally manufactured coatings and imported stamping foil but UCD will be manufactured next year when operations are moved from the London area to Manchester. The Manchester plant is available now and Bee plans to complete the move by December 1974.

Nippon Bee Chemical Co., Ltd., (Osaka, Japan) - In early 1971, Bee Chemical Company established a 50-50 joint subsidiary with Nippon Paint Company, Ltd., the second largest paint manufacturer in Japan, under the name of Nippon Bee Chemical Co., Ltd. which has the exclusive rights to manufacture and market coatings for use on plastics in Japan and throughout much of the Far East. All plastic coatings technology from Bee Chemical Company and Nippon Paint Company is supplied to Nippon Bee, and any and all technical or marketing information available to Nippon Bee is available

exclusively to Bee and its other operations throughout the world. This joint venture company is in its fourth year of operations. Bee Chemical Company receives a royalty on all Nippon Bee sales.

Personnel

Management has been strengthened in recent years by the addition of several key executives and middle management people. Profiles of these people are shown in Exhibit A . One of the key attributes of the top management group at Bee is their appreciation of sales problems. Each individual in this group appears to have an understanding of why it is so important to deal effectively with these problems on a day to day basis. Another strength is that the man leading each functional area appears to be more than capable of fulfilling his responsibilities at the current sales volume and even at twice the present volume.

The pattern for middle management has been to hire experienced people since rapid growth has precluded having enough eligible people on hand who are ready for promotion. However, several college graduates have been hired in the last few years and, so far, all of them have remained with the Company.

The total number of employees has increased from 176 in 1970 to 517 as of January, 1974. Employees by division are as follows.

Division	1974	1970
Central	227	122
Western	36	24
United Kingdom	53	30
Eastern	201	--
	517	176

Even with this increase in employment, the percent of direct labor to sales has remained fairly stable at the 8% level.

Exhibit III Attached to Complaint.

The Eastern Division employees are represented by the Textile Workers Union of America, AFL-CIO, CLC, Local 2052. The present contract was effective on February 1, 1974 and expires January 31, 1976. The contract called for across the board rate increase of 34¢ an hour on February 1, 1974 and 33¢ an hour on February 1, 1975. This represented a 7 to 12% increase. In addition the company shall contribute to the Participating Employer of the Textile Workers Pension Fund, National Plan Sub-Fund 14¢ per hour conpensated and 18¢ after February 1, 1975.

All other locations are non-union. No representation elections have been held at any of the other locations but the United Chemical Workers have been trying to organize Lansing. Employee relations are considered good as a result of generally paying more than the local wage scales for comparable work. Since there is no Personnel Manager, each Division General Manager handles labor relations

Financial Position

income statements, balance sheets and changes in financial position for the fiscal years ended January 31, 1970 through 1974 are shown in Exhibits B, C, D, E . An analysis of these figures reveals several significant trends:

- Total company sales have more than tripled from $6.2 million in fiscal 1970 to $19.5 million in fiscal 1974. Cost of goods sold as a percent of sales has gone from 60.5% to 68.3% and operating expenses as a percent of sales has declined from 33.4% to 24.3%. As a percent of sales, income has expanded from 6.0% to 7.3%. After non-operating expenses and income taxes, net profit increased by 270% from $178,000 in 1970 to $660,000 last year. But as a percent of sales after tax profit went from 2.9% to 3.4%. After adjusting for the gain on the sale of the property in England the profit margins have remained constant. But detailed analysis shows

that profit margins for coatings have increased because of the increased volume. Also there is higher profit margins in the new product area of UCD and Eastern Division's hot stamp tape and business products. To offset these gains, the Central Division incurred more than $300,000 worth of costs in connection with "debugging" the hot stamp tape operation. These costs should be cut in half this year and may be negligible by fiscal 1976. Profits last year were also held back by perhaps $175,000 due to lags in price increases behind cost increases. This is now being corrected on a relatively aggressive basis.

- Sales by division and by product line are shown in Exhibit F for the last five years. The fastest growth has been in hot stamp film and universal color dispersion. These two areas are expected to continue providing the most exciting expansion during the next few years although business products could become a big growth contender. New productive facilities are being expanded at a faster rate in these two product lines than in other lines. Marketing plans call for increased personnel and more distribution outlets to exploit the opportunities in these fields.

- Manufacturing labor and overhead as a percent of sales at the Central Division was reduced from 17.8% to 14.0% during the past five years as a result of the hot stamp and UCD product lines being less labor intensive and carrying a larger gross profit margin.

- The net profit after tax return on net worth has fluctuated from a low of 4.1% in 1971 to a high of 26.8% in 1974.

- The sales per dollar of total assets has declined from $3.00 in 1970 to $1.90 in 1974 due to foil being more capital intensive than paint. (See Exhibit G for additional financial data and ratios.)

Exhibit III Attached to Complaint.

- Net profit after tax as a percentage of total assets has increased from 0.9% in 1970 to 6.3% in 1974.

- Total accounts receivables in relation to daily sales have increased from 54 days in 1970 to a level of around 66 days in 1972, 1973, and 1974.

- Inventory turnover has declined steadily from 14.4 times per year in 1970 to 5.3 times in 1974. This results from the larger finished goods inventories needed to serve the large customers of UCD and hot stamp tape. Another major factor is the increase of raw material inventory in order to avoid shortages and interruption of production. Finally the parts inventory for the hot stamp machinery had to be increased to meet production demands. Even with the large increase in inventory, obsolescence is minimal. UCD can always be used in-house to formulate Bee's own coatings. The coatings finished goods consist entirely of goods ordered for later release by the customer. Finally the hot stamp tape can be used by numerous customers in a multitude of applications.

- The current ratio has shown a steady decline from 3.0 in 1970 to 1.0 in 1974. This was primarily a result of the short-term secured debt of $4.0 million arranged in 1974 to provide working capital to support increased sales which resulted in larger receivables and inventories. Accounts payable were also used to generate working capital by increasing payables from $0.1 million in 1970 to $2.2 million in 1974.

- The acid test ratio of cash and receivables to current liabilities has declined from 2.0 in 1970 to 0.5 in 1974 due again to the large short term debt. Cash only increased from $5,000 to $67,000 during this period.

Exhibit III Attached to Complaint.

- Fixed assets have increased from $1.2 million in 1970 to $3.1 million in 1974 due to the acquisition of the Eastern Division from Howmet and the expansion at the Central Division. In fiscal 1974 the property in England purchased at a cost of $335,000, was sold at a gain of $123,000. In fiscal 1976, the operations in England will be at Manchester. This will entail some start up and moving cost but the magnitude is not know at this time.
- Net worth has grown from $1.3 million in 1970 to $2.5 million in 1974.

Exhibit III Attached to Complaint.

Summary

The future outlook for this company is exceptionally bright according to every measure:

- A management group capable of hand'ing successfully a sales volume at least twice the current $75 million level,
- A marketing posture that permits above-average pricing flexibility because most of the products in the Bee line enjoy one or both of these characteristics: a high degree of problem-solving application service and a fast growing number of new applications,
- A new product development position that is well past the prototype stage in several areas as a result of good people and a relatively large R & D budget,
- A fixed asset capacity that can produce 50% to 200% more physical volume in the various product categories,
- An improving profit margin as the recent explosive growth of volume is being digested and start-up costs on new products is being reduced,
- And opportunities for new applications for products and new products that are limited only by the availability of time and money.

A highly favorable prospect for Bee is also supported by the 72% average annual growth in sales during the last two years (including an acquisition) along with a 125% average yearly growth in earnings during the same period of fiscal January 1972 through January 1974.

Management's forecast of income (see exhibit H) shows an increase in sales of 30% and a 67% increase in after-tax earnings, for fiscal 1975. We have analyzed this projection for 1975 and feel that this is an

attainable goal. Their increases are substantial when viewed in the light of our projected declines for part of this period for the automotive and appliance industries which are important consumers of many Bee products. Also, we have not assumed any external growth through acquisition whereas this growth route played an extremely large role during the past year.

Every company has some problems and Bee is no exception. Light cash and working capital position, as well as the need for additional financing are the principal short term problems. Longer range, the company will be faced with the problem of expanding its marketing systems here and abroad and the necessity of moving its Union City plant to a new location. Alternative solutions to all these problems are available to Bee and steps are being taken to solve each of them.

In conclusion, Bee should be able to generate sales growth, exclusive of acquisitions, for several years at a rate substantially above the national economy in both up and down phases of the economic cycle. New products and markets are providing greater cyclical stability for the company's sales. At the same time, profit margins should widen due to the leveraging effect of several new products which will expand sales beyond break-even points for these products. The company has been profitable every year for the last two decades and is now positioned to enjoy increased profitability for years to come.

Exhibit III Attached to Complaint.

Exhibit A

BEE CHEMICAL COMPANY
MANAGEMENT PERSONNEL

M. A. Self has served as President of Bee Chemical Company from 1947 to the present.
Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943.
Prior to joining Bee, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development.
He is 52 years old.

Arthur S. Hecker has served as Vice Chairman of the Board of Bee Chemical Company since April 1973.
Mr. Hecker attended University School in Cleveland, Ohio and Babson Institute of Business Administration in Wellesley, Massachusetts.
His employment history includes 22 years with A.W. Hecker Company, a manufacturer of aircraft sub-assemblies. He served as President from 1958 until 1971.
Mr. Hecker also spent one year with Merrill, Lynch, Pierce, Fenner & Smith; and is a Director of Pioneer Mutual Funds in Boston, Massachusetts.
He is 46 years old.

Roger F. Hruby, Executive Vice President, has been with Bee Chemical Company ten years and has operating responsibility for the U.S. operations.
Mr. Hruby received a B.S. degree in Chemistry from North Central College in 1958, and an M.B.A. from the University of Chicago in 1972.
Prior to rejoining Bee, he worked with Michigan Chrome and Chemical for one year as Sales Manager. His employment history also includes four years as President and chief executive officer for Plastron Corporation, as well as Chairman and chief executive officer of Litho Glass, Inc.
He is 39 years old.

James C. Edwards, Corporate Vice President of Finance, has been with Bee Chemical Company for eight years.
Mr. Edwards received a B.B.A. degree from the University of Cincinnati in 1955, majoring in Finance.
Mr. Edwards has served Bee as Corporate Controller; Vice President, Operations of the Central Division; and recently as Vice President and General Manager of the Western Division.
Prior to joining Bee, he had 11 years' experience with Arthur Andersen & Co., serving as Manager of Small Business Division in their Cincinnati office.
He is 43 years old.

Sebastian J. Dolce, General Manager of the Coated Film Division in New Jersey, joined Bee Chemical Company in April 1973.
Mr. Dolce graduated with a B.S. degree in Mechanical Engineering from Pratt Institute of Technology.
Prior to joining Bee, Mr. Dolce had served as Director of Operations of the Roll Leaf Division of Howmet Corporation. He has also served as Executive Vice President and General Manager of Lewis Engineering Company and President of Mecca Machinery Company.
He is 51 years old.

George D. Lutz has been with Bee Chemical Company for two years and is General Manager of Western Division in Gardena, California. Mr. Lutz's educational background includes a Bachelor of Chemical Engineering degree from Villanova University (received in 1963,) two semesters of law courses at Temple Universtiy, and one semester M.B.A. courses at Temple University. Prior to joining Bee he had three years' experience with Atlantic Refining as a Development Engineer. He also had four years with General Electric as Manager, Market Development.
He is 33 years old.

Richard E. Jarzombek, Director of Coatings Research and Development, has been with Bee Chemical Company for [illegible] years.
Mr. Jarzombek received a B.S. in Chemical Engineering from Purdue University in 1951.
He is 44 years old.

John V. Synol joined Bee Chemical Company in 1974 and is a Director of Operations at Lansing, Illinois.
Mr. Synol's educational background includes a B.S. degree in Chemical Engineering from Neward College of Engineering.
Prior to joining Bee, Mr. Synol was with Inmot Corporation for 14 years, serving in various capacities including Design and Process Engineering, Plant Engineer, Plant Superintendent, Plants Manager for North Carolina and New Jersey facilities, and National Accounts Manager.
He is 32 years old.

Kermit W. Windelblech has been with Bee Chemical Company for two years.
His current position is Sales Manager.
Mr. Windelblech received a B.S. in Chemical Engineering from Penn State University in 1958.
Prior to coming to Bee, he worked with E.I. DuPont for a period of 12 years. Experience was gained in research, sales, new product development, and marketing.
He is 37 years old.

Charles F. Roney has been with Bee Chemical Company for 26 years, and his current position is Manager, Research & Development - Foil Division.
Mr. Roney has a B.S. in Chemical Engineering, which he received from Missouri University in 1945, and an M.S. in Organic Chemistry from Missouri University, which he received in 1948.
Prior to joining Bee, he worked at Staples Chemicals for two years as a chemist.
He is 56 years old.

Davis G. Fritzinger has been with Bee Chemical Company for 5-1/2 years, and his current position is Manager of the Automotive Division.
Mr. Fritzinger received a B.S. degree from Indiana State in 1960. He has 30 hours of graduate work in Chemistry.
Prior to joining Bee, he worked at Sherwin Williams for 4-1/2 years as Group Supervisor for Automotive Development. His employment history also includes four years of teaching math and chemistry at the high school and junior college level.
He Is 35 years old.

Dr. Robert Rozett, Manager of Engineering and Planning at Lansing, Illinois, joined Bee Chemical Company in 1974.
Prior to joining Bee, Dr. Rozett served for seven years as Technical Director of Celanese Coatings Company. He has also served as Technical Supervisor for Allied Chemical Company and Merck and Company.
Dr. Rozett received his B.S. and M.S. degrees in Chemical Engineering from Columbia University, and received his PhD. in Chemistry from North Carolina State University, where he also served as a Professor of Chemical Engineering.
He is 45 years old.

Ralph F. Riedel joined Bee Chemical Company in 1974 as Special Products Manager, Foil Division. Mr. Riedel came to Bee from Dri-Point Foils, Inc., where he had served as Vice President and General Sales Manager. He also has served as Marketing Manager for MSL Plastics Division of MSL Industries and handled technical sales for Rohm & Haas Co.
Mr. Riedel received his B.A. in Chemistry from American International College.
He is 43 years old.

R.K. Davies, Managing Director, Bee Chemical Company (U.K.) Ltd.
Mr. Davies joined Bee (U.K.) in 1972 as Sales Manager after serving as Sales Manager of B.C.L. Coatings, Ltd. Mr. Davies has also served as Manager of the London Branch of Coolag, Ltd., a subsidiary of Shell Oil Company. He is 34 years old.

David W. Mendez, Director of Operations, Bee Chemical Company (U.K.) Ltd.
Prior to joining Bee (U.K.) in 1972, Mr. Mendez was Chief Chemist for B.C.L. Coatings, Ltd. His employment history includes serving as Production Manager for B.J.N. Paint Company (Ltd.) and as a chemist for the Ministry of Defense.
He is 38 years old.

Exhibit 8

BEE CHEMICAL COMPANY

CONSOLIDATED STATEMENT OF INCOME

For Years Ended January 31 (in thousands)

	1974	1973	1972	1971	1970
Net sales	$ 19,454	$ 9,753	$ 6,736	$ 5,854	$ 6,150
Cost of goods sold	13,290	6,066	3,995	3,589	3,721
Gross profit on sales	6,164	3,687	2,741	2,265	2,429
Operating expenses	4,743	3,079	2,465	2,165	2,057
Income from operations	1,421	608	276	100	372
Other income (expense)					
Interest, net	(358)	(85)	-	-	-
Gain on disposition of land and building	123	-	-	-	-
Sundry, net	18	(33)	-	-	-
Total other (expense), net	(217)	(118)	-	-	-
Income before provision for income taxes and interest in income of unconsolidated subsidiary	1,204	490	276	100	372
Provision for income taxes	581	226	130	43	194
Income before interest in income of unconsolidated subsidiary	623	264	146	57	178
Interest in income of unconsolidated subsidiary	37	1	(15)	-	-
Net income	$ 660	$ 265	$ 131	$ 57	$ 178

Exhibit III Attached to Complaint.

Exhibit C

BEE CHEMICAL COMPANY

CONSOLIDATED ASSETS

For Years Ended January 31 (in thousands)

Assets	1974	1973	1972	1971	1970
Cash	$ 66	$ 5	$ 119	$ 62	$ 48
Receivables-Trade net	3,488	1,821	1,253	963	919
Associated company	180	26	-	-	-
Other	70	71		-	-
Inventories, at lower of first in, first-out or market	3,614	1,141	58,	476	426
Prepaid expenses	103	47	21	37	31
Total current assets	7,521	3,111	1,980	1,538	,424
Land	-	196	-	-	-
Buildings	-	139	-	-	-
Machinery and equi nent	2,370	1,776	970	844	769
Office furniture and equipment	184	150	135	135	133
Automobiles and trucks	15	15	15	15	14
Leasehold improvements	526	384	285	276	264
Total property and equipment	3,095	2,660	1,405	1,270	1,180
Less: Accumulated depreciation and amortization	1,147	895	781	678	570
Total property and equipment, net	1,948	1,765	624	592	610
Long-term receivable	547	-	-	-	-
investments	399	36	35	50	-
Total long-term receivable and investments	946	36	35	50	-
TOTAL ASSETS	$ 10,415	$ 4,912	,639	$ 2,180	$ 2,034

BEE CHEMICAL COMPANY

CONSOLIDATED LIABILITIES AND STOCKHOLDERS' EQUITY

For Years Ended January 31 (In thousands)

LIABILITIES	1974	1973	1972	1971	1970
Current maturities of long-term debt	$ 106	$ 89	$ -	$ 70	$ 70
Notes payable	-	1,022	353	165	-
Notes and advances payable under secured financing agreement (1)	4,024	-	-	-	-
Accounts payable	2,212	957	382	223	151
Accrued expenses	639	246	140	110	172
Income taxes	408	164	130	52	80
Total current liabilities	7,389	2,478	1,005	620	473
Deferred income taxes	100	53	51	44	44
Long-term debt	464	579	46	137	208
Total liabilities	7,953	3,110	1,102	801	725
STOCKHOLDERS' EQUITY					
Common stock	22	22	22	21	21
Additional paid-in capital	57	57	57	31	18
Retained earnings:					
Balances beginning of year	1,723	1,458	1,327	1,270	1,092
Net income for the year	660	265	131	57	178
Balance, end of year	2,383	1,723	1,458	1,327	1,270
Total stockholders' equity	2,462	1,802	1,537	1,379	1,309
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,415	$ 4,912	$ 2,639	$ 2,180	$ 2,034

(1) Agreement with First National Bank of Chicago with a maximum loan limit of $5,000,000 if supported by eligible collateral (accounts receivable, inventories and equipment). Interest rate 2% above prime rate on 60% and 6½% above the daily dealer thirty-day commercial paper rate (up to a maximum of 14%) on the remaining 40%.

356
Exhibit III Attached to Complaint.

Exhibit D

Exhibit III Attached to Complaint.

Exhibit E

BEE CHEMICAL COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For Years Ended January 31 (in thousands)

	1974	1973	1972	1971	1970
Working capital was obtained from:					
Operations:					
Net income for the year	$ 660	$ 265	$ 131	$ 57	$ 177
Add (deduct) - items not providing working capital nor requiring a current outlay					
Provision for depreciation and amortization	282	129	112	112	106
Provision for deferred income taxes	47	2	7	1	5
Interest in income of unconsolidated subsidiary	(37)	(1)	-	-	-
Gain on disposition of land and buildings	(123)	-	-	-	-
Equity in net loss of unconsolidated subsidiary	-	-	15		-
Total from operations	829	395	265	170	288
Additional long-term borrowing	-	622	-	-	-
Sales of property and equipment	404	12	26	-	-
Proceeds from sale of common stock	-	-	7	12	-
Total working capital provided	1,233	1,029	298	182	288
Working capital was used for:					
Purchase of property and equipment	627	-	-	-	-
Acquisition of a segment of a business	242	1,281	151	94	154
Other	115	89	90	70	70
Payment of long-term debt	424	-	-	-	-
Long-term receivables	326	-	-	-	-
Investments	-	-	-	50	-
Investment 50% owned subsidiary					
Total working capital used	1,734	1,370	241	214	224
Resulting in an increase (decrease) in working capital	$ (501)	$ (341)	$ 57	$ (32)	$ 64

Exhibit E (Cont.)

BEE CHEMICAL COMPANY

CHANGES IN WORKING CAPITAL

For Years Ended January 31 (in thousands)

Increase (decrease) in current assets:	1974	1973	1972	1971	1970
Cash	61	(114)	57	14	(65)
Receivables	1,819	665	289	44	58
Inventories	2,473	554	111	49	10
Prepaid expenses	56	26	(16)	6	10
Treasury bills, at cost	-	-	-	-	(199)
(Increase) decrease in current liabilities:					
Current maturities of long-term debt and notes payable to bank	1,006	(759)	(118)	(165)	-
Notes and advances payable under secured financing agreement	(4,024)	-	-	-	-
Accounts Payable	(1,255)	(575)	(159)	(71)	69
Accrued expenses	(393)	(105)	(30)	63	(20)
Income taxes	(244)	(33)	(77)	28	201
Total increase (decrease) in working capital	$ (501)	$ (341)	$ 57	$ (32)	$ 64

Exhibit F

BEE CHEMICAL COMPANY

BREAKDOWN OF SALES AND INCOME BY DIVISION

For years ended January 31 (In thousands)

	1974	1973	1972	1971	1970
Central Division sales					
Coatings	$ 8,321	$ 6,270	$ 4,652	$ 4,156	$ 4,712
Hot stamp tape	1,565	649	31	-	-
Universal color dispersion	740	269	112	13	-
TOTAL	10,626	7,188	4,795	4,169	4,712
Western Division sales					
Coatings	1,550	1,429	1,525	1,215	1,011
Hot stamp tape	251	-	-	-	-
TOTAL	1,801	1,429	1,525	1,215	1,011
Eastern Division sales					
Business products and machinery	1,719	-	-	-	-
Hot stamp tape	3,789	-	-	-	-
TOTAL	5,508				
United Kingdom Division sales	1,519	1,136	416	470	427
TOTAL SALES	$ 19,454	$ 9,753	$ 6,736	$ 5,854	$ 6,150
Income before FIT					
Central	$ 376	$ 550	$ 280	$ 82	$ 350
Western	55	18	(44)	(11)	2
Eastern	668	-	-	-	-
United Kingdom	142	(78)	26	29	20
	$1,241	$ 490	$ 262	$ 100	$ 372

Exhibit III Attached to Complaint.

Exhibit G

BEE CHEMICAL COMPANY

SELECTED FINANCIAL DATA AND RATIOS

For years ended January 31

	1974	1973	1972	1971	1970
After tax income as a percent of sales	3.4	2.7	1.9	1.0	2.9
Receivables related to average daily sales (days)	66.0	67.0	67.0	59.0	54.0
Inventory turnover (times)	5.3	8.5	11.5	12.3	14.4
Ratio of total liabilities to net worth	3.2	1.7	0.7	0.6	0.6
Return on net worth	26.8	14.7	8.5	4.1	13.6
Sales per dollar of working capital	147.10	15.40	6.90	6.40	6.50
Sales per dollar of fixed assets	10.00	6.80	10.80	10.00	10.10
Ratio of current assets to current liabilities	1.0	1.3	2.0	2.5	3.0
Sales per dollar of assets	1.90	2.00	2.60	2.70	3.00
Ratio of R & D expense per dollar of sales	2.1	3.9	2.9	3.8	4.9
Effective income tax rate	48%	37%	42%	41%	50%
Cost of good sold as a percent of sales	68.3	62.1	59.3	61.3	60.5
Operating expenses as a percent of sales	24.3	31.5	36.5	36.9	33.4
Ratio of total debt to net worth	1.9	.9	.3	.3	.2

BEE CHEMICAL COMPANY

PROJECTED FORECASTS OF INCOME

For years ended January 31 (in thousands)

	1974	1975	1976	1977	1978
Net Sales	$19,454	$25,500	$28,200	$31,700	$36,000
Cost of goods sold	13,290	17,500	19,200	21,600	24,500
Gross Profit	6,164	8,000	9,000	10,100	11,500
Operating expenses	4,743	5,410	6,110	6,830	7,680
Operating income	1,421	2,590	2,890	3,270	3,820
Other Income/(Expense) (1)	(217)	(480)	(400)	(360)	(320)
Income before income taxes	1,204	2,110	2,490	2,910	3,500
Provision for income taxes	581	1,055	1,245	1,455	1,750
Income before interest in income of unconsolidated subsidiary	623	1,055	1,245	1,455	1,750
Interest in income of unconsolidated subsidiary	37	50	75	100	150
Net income for the year	$ 660	$ 1,105	$ 1,320	$ 1,555	$ 1,900

(1) Other Income/(Expense) for the year ended January 31, 1974 is comprised of the following items:

Interest, net	$ (358,000)
Gain on disposition of land & buildings	123,000
Sundry, net	18,000
	$ (217,000)

For the remaining years, the classification represents only the estimated interest expense.

Exhibit IV Attached to Amended Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT IV TO COMPLAINT

Exhibit IV Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Attention: Mr. M.A. Self, President

Gentlemen:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

While the Corporation's records do not indicate that you now own of record 5% or more of the Corporation's Common shares and no Schedule 13D as required under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") has been filed by you, the Corporation has been advised that you may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock or voting agreements. Accordingly, while we realize that the completion of the enclosure may be an inconvenience, we are soliciting your response to this questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is

Exhibit IV Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit IV Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Mr. M.A. Self, President
Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Dear Mr. Self:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

While the Corporation's records do not indicate that you now own of record 5% or more of the Corporation's Common shares and no Schedule 13D as required under Section 13(d) of the Securities Exchange Act of 1934 (the "Act") has been filed by you, the Corporation has been advised that you may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock or voting agreements. Accordingly, while we realize that the completion of the enclosure may be an inconvenience, we are soliciting your response to this questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is

Exhibit IV Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit IV Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTEP & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

January 20, 1975

COPY

Roulston & Company, Inc.
Investment Plaza
Cleveland, Ohio 44114

Gentlemen:

We enclose herewith on behalf of our client, Stecher-Traung-Schmidt Corporation, a copy of the Officer, Director and Principal Shareholder Questionnaire which we request you complete so that the Corporation might prepare and file certain proxy materials and annual reports with the Securities and Exchange Commission for use in connection with its Annual Meeting of Shareholders.

The Corporation's records indicate that during the past year Roulston owned in excess of 5% of the Corporation's Common Stock. While the Corporation's records do not currently indicate that you own more than 5% of the Corporation's Common Stock, and while no Schedule 13D, as might be required under Section 13(d) of the Securities Exchange Act of 1934, has been filed by Roulston with the Corporation, the Corporation has been advised that Roulston alone or as an agent of or in combination with others may, in fact, control the voting power of approximately 5%+ of the Corporation's shares through indirect or beneficial ownership of additional shares of Common Stock and/or voting agreements. You may be aware that the Securities and Exchange Commission has taken the position that for the purposes of attributing beneficial ownership under Section 13(d) a single investment advisor to diverse investment groups which purchase or sell shares of a Company registered under Section 12(g) in accordance with its investment advice may be deemed to be a group within the definition of Section 13(d)(3) of the Act. Accordingly, while we realize that the completion of the enclosure may be an inconvenience we are soliciting your response to the enclosed questionnaire in furtherance of the Corporation's statutory obligations under the federal securities laws.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

If you do not own of "record" or "beneficially" 5%+ of the Corporation's presently outstanding Common shares (currently 804,040) as those terms are used under the Act and are not otherwise, either alone or in concert with others, able to "control" the Corporation, as that term is used under the Act and further are not otherwise required by Section 13(d) of that Act to file a Schedule 13D, we request that you advise us in writing accordingly. In this event, please disregard the enclosure.

Thank you for your courtesy and cooperation in this regard. If we can be of any assistance or if you have any questions concerning the enclosure, please do not hesitate to call the undersigned.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:

Stuart B. Meisenzahl

SBM/se
Enc.

COPY

Exhibit V Attached to Amended Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT V TO COMPLAINT

Exhibit V Attached to Amended Complaint.

ROULSTON & COMPANY, INC.
MEMBER NEW YORK STOCK EXCHANGE, INC

INVESTMENT PLAZA • CLEVELAND, OHIO 44114
TELEPHONE: 216-696-3070 • TELEX: 98-0102
CABLE ADDRESS: ROULSTONCO
LONDON • FRANKFURT • ZURICH

February 5, 1975

Mr. Stuart B. Meisenzahl
Wiser, Shaw, Freeman,
Van Graafeiland, Harter & Secrest
700 Midtown Tower
Rochester, New York 14604

Dear Mr. Meisenzahl:

In answer to your recent letter, this is to inform you that Roulston & Company, Inc. neither in their own name or any nominee either of record or beneficially owned 5% or more of the common stock of Stecher-Traung-Schmidt Corporation.

Sincerely,

Thomas H. Roulston

Thomas H. Roulston
President

THR:cg

Exhibit VI Attached to Amended Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT VI TO COMPLAINT

Exhibit VI Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

February 19, 1975

COPY

Jack D. Beem, Esq.
Baker & McKenzie
Suite 700
Prudential Plaza
Chicago, Illinois 60601

Re: Bee Chemical Corporation, M.A. Self
Stecher-Traung-Schmidt Corporation

Dear Mr. Beem:

This letter will confirm our telephone conversation of February 7, 1975 at which time you advised me on behalf of your clients, Bee Chemical Corporation and M.A. Self, that they were not required to and would not respond to the questionnaire concerning beneficial ownership of shares of Stecher-Traung-Schmidt Corporation (the "Corporation") previously forwarded to them.

As indicated to you at that time, and in our original covering letters to your clients, our inquiry was based not upon the requirements of Regulation 14A respecting disclosure of 10% shareholders, but upon the disclosure requirement concerning possible changes in control. As we indicated to you, it is our position that facts constituting a change in control are defined in part, and are within the purview and intent of, the requirements of Section 13(d) of the 1934 Act. Accordingly, we have checked the Corporation's shareholder records for individual accounts holding approximately 5% of the Corporation's shares.

The Bee Chemical account and Mr. Self, President of Bee, were designated for a questionnaire because of the large holdings of Bee (4.85%) and certain statements made by Self to one or more of the Corporation's officers and directors indicating a desire to merge Bee with the Corporation to provide cash for Bee's operations. Statements have also been attributed to Mr. Self to the effect that he

Exhibit VI Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER – ROCHESTER, NEW YORK 14604

intended to elect himself as a director of the Corporation and initiate sweeping changes in its operation, including liquidation. We also have mailed copies of the same questionnaire to Roulston & Company, Inc. ("Roulston"), through whom and in whose name Bee originally purchased and held the shares, in order to ascertain whether Roulston and its clients, including Bee or Self, were involved with any "group" under Section 13(d)(3), particularly as that term has been further defined under the SEC's reply to Stewart Fund Managers Limited (CCH Fed. Sec. L. R. ¶80,047). We have been advised that Roulston has acted as a merger agent for Bee in the past and, on a current basis, prepared certain work sheets demonstrating the desirability of a combination of Bee and the Corporation. During the period in which such suggestions of merger were being made and while Mr. Self was making the statements summarized above, Roulston acquired over 7% of the outstanding shares, 4.85% of which were thereafter distributed to Bee.

COPY

While we do not necessarily disagree that your clients are not required to respond to the proxy questionnaire initiated by the Corporation, it is our position that fulfillment of the proxy disclosure requirements requires the Corporation's continued attention to this matter. We note only that the contention that your clients are not legally required to so respond must be based in part upon the legal conclusion that they are not now "control persons" as that term is used in the federal securities laws and, more particularly, as presented as a threshold consideration by Section 13(d) of the 1934 Act. We do not intend at this time to substitute our judgment for that of your clients as to whether a Form 13D should have been filed at some time in the past. However, the Corporation will continue to monitor the applicability of this requirement and, if it determines it proper or necessary to seek judicial relief. We take this opportunity to request again any information your clients might have which is germane to either the disclosure requirements of Regulation 14A or Section 13(d) of the 1934 Act.

It is our intent to copy both the Staff of the Commission and Roulston with this letter and our original covering letters to your clients. We will, of course, advise you of any additional developments or facts which we might ascertain.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

SBM/se

By: Stuart B. Meisenzahl

cc: Roulston & Company, Inc.
Securities and Exchange Commission
Stecher-Traung-Schmidt Corporation

Exhibit VII Attached to Amended Complaint.

STECHER-TRAUNG-SCHMIDT CORPORATION

vs.

M. A. SELF, BEE CHEMICAL COMPANY, ET AL

CIVIL ACTION #_____

EXHIBIT VII TO COMPLAINT

Exhibit VII Attached to Amended Complaint.

WISER SHAW FREEMAN VAN GRAAFEILAND HARTER & SECREST
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

February 19, 1975

COPY

Securities and Exchange Commission
500 North Capitol Street, N. W.
Washington, D. C. 20549

Re: Stecher-Traung-Schmidt Corporation
Preliminary Proxy Materials

Gentlemen:

We enclose herewith on behalf of our client, the above-captioned Corporation, five "Preliminary Copies" of the form of Proxy and Proxy Statement, together with Notice of Annual Meeting and accompanying President's letter. We also enclose our firm check in the amount of $125 for the required filing fees.

The enclosed materials are substantially the same as those utilized at the last Annual Meeting of Shareholders except that:

1. The Notice of Annual Meeting sets forth a statement of certain amendments to the By-Laws pursuant to the requirements of New York law.

2. The proxy material covers an amendment to the By-Laws which must be approved by the shareholders - the classification of the Board of Directors.

3. There is an additional disclosure concerning a new employment agreement with the Company's President.

Other minor changes include the addition of one new director and changes in the factual data relating to director shareholdings. The matter covering approval of the selection of auditors has been updated to meet the requirements

of Item 8 of Regulation 14A. For your convenience, two red-marked copies of this year's proxy material have been enclosed to point out significant changes.

Pursuant to the requirements of Regulation 14 concerning disclosure of possible changes in control of the Company, the Company has solicited information from Roulston and Company, Bee Chemical Corporation and an individual M. A. Self, President of Bee Chemical Corporation. As indicated by the enclosed correspondence, the Company has been unable to determine, despite its efforts, whether or not one or more of these individuals or entities, or all of them in combination, own of record or beneficially in excess of 5% of the shares. The Company intends to continue its investigation of this matter to the extent possible and, if warranted, to commence action pursuant to the provisions of Section 13d of the Securities Exchange Act of 1934. At this time, however, the Company is not able to make any statement in its proxy materials concerning the interest of the above parties in the Company.

COPY

These materials are scheduled to be mailed on or about March 6, 1975. Due to the tight printing and mailing schedule we request you clear these materials by collect phone call to the undersigned or Diane Walker at (716) 232-6500

Please receipt the enclosed tissue copy of this letter. For your convenience we have enclosed a stamped self-addressed envelope.

Should you have any questions, or if we can be of assistance, please do not hesitate to contact us.

Very truly yours,

Wiser Shaw Freeman Van Graafeiland
Harter & Secrest

By:
Stuart B. Meisenzahl

SBM/se
Enclosures

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

- vs - CIVIL 75-131

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants

Harter, Secrest & Emery
700 Midtown Tower
Rochester, N.Y. 14604
Attorneys for plaintiff
(Kenneth A. Payment, of counsel)

Hodgson, Russ, Andrews, Wood & Goodyear
1800 One M & T Plaza
Buffalo, N.Y. 14203

and

Baker & McKenzie
700 Prudential Plaza
Chicago, Ill. 60601
Attorneys for defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker

Johnson, Reif & Mullan
47 South Fitzhugh Street
Rochester, N.Y. 14614
Attorneys for defendants Thomas Roulston and Roulston & Company, Inc.

The complaint herein was filed April 7, 1975. The plaintiff seeks a permanent injunction to restrain the defendants for a period of three years, among other things, from voting the plaintiff's shares, from soliciting proxies

RECEIVED
JUN 13 1975
HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

from any of Stecher's share holders and from purchasing, acquiring or otherwise aggregating any additional shares of Stecher.

Plaintiff has moved for a preliminary injunction and has obtained a temporary restraining order pending the decision on its motion for preliminary injunction.

Defendants Self, Bee and Hecker have made a cross motion to dissolve the temporary restraining order as to them, on their claim that only Bee owns shares of Stecher, which ownership does not exceed five percent. The motion to dissolve the temporary restraining order was denied at the argument on the motion. The order was continued in effect by order announced at the argument.

Stecher operates a printing operation in Rochester, New York, and San Francisco, California. Ownership of its common stock is held by about 1100 public share holders. In September 1973 Roulston & Company Inc. and Thomas Roulston began making contact with plaintiff's principal officers and directors. Thomas Roulston advised that Roulston and Company was not a brokerage house but rather an investment organization and was interested in purchasing Stecher shares for his clients. He indicated that if he advised his clients to buy the stock they would buy and that he would thereafter be the representative for all shares purchased by Roulston and Company, Inc.

Roulston and Company in September 1973 began to purchase Stecher shares of common stock. By the end of 1973 Roulston and Company had purchased 25,430 shares. By February 12, 1974 Roulston and Company owned in excess of five percent of the outstanding shares of Stecher.

In September 1973 Thomas Roulston introduced the defendants Self, Hecker and Bee Chemical to the plaintiff and urged an immediate merger of Stecher into Bee Chemical Company. Thereafter Thomas Roulston pressed consideration by Stecher's Board of Directors of the merger proposal. Thomas Roulston made contact with either Stecher management or one or more directors in January, April, June and July 1974. During this period Roulston and Company continued to purchase Stecher stock. By August 12, 1974 Roulston and Company had purchased a total of 63,177 shares or a little less than eight percent of the outstanding shares of the company. On August 13, 1974 Roulston and Company distributed from its name to Bee Chemical Company 39,000 shares or a little less than five percent of Stecher's then outstanding stock.

In the fall of 1974 the defendants Bee and Self pressed their merger proposal. On practically a regular monthly basis either the defendant Self or the defendant Hecker

made contact with board members or officers of Stecher in pursuing their merger effort.

Self became critical of the Stecher board and its lack of interest in the merger proposal. On September 17, 1974 Self told the board that in his opinion the company had been mismanaged and that all directors who had been in office for more than a year should resign. He indicated that plaintiff's assets were uselessly employed, that its business was unprofitable, that the printing industry was generally a poor business, and that if he were in control he would reevaluate Stecher and its assets for a better and more profitable use. He further indicated that the share holders of Stecher would be better served by liquidating the company and investing the funds elsewhere. He continuously requested and pressed Stecher for a seat on the board of directors. In November 1974 he made contact with one board member and tried to arrange through him for a private purchase of shares which he owned or controlled. He encouraged and requested this member to make contact with others on his behalf in order to increase his stock holdings. Self stated he was interested in purchasing a minimum of additional 100,000 shares of Stecher at a price of three quarters of a million dollars. If this purchase had been consummated he would have controlled about seventeen percent of Stecher's common stock at a cost of over one million dollars.

The complaint alleges that Self, Bee, Thomas Roulston and Roulston and Company, and others, formed a group or joined a conspiracy, the purpose of which was to take control of Stecher, change its board of directors, change its operations and business and liquidate certain or all of its assets to provide capital for the defendant Bee's operation. It is also alleged that since February 12, 1974 up to the present, the defendants as a group have owned, pooled, aggregated, acquired or held beneficially, directly or indirectly in excess of five percent of Stecher's then outstanding stock. It is also alleged that since February 12, 19 ., when the defendants owned more than an aggregate of five percent of Stecher common stock, they as a group acquired in excess of an additional two percent of Stecher shares.

The plaintiff's complaint rests upon the failure of the defendants to file the statement alleged to be required by Section 13(d) of the Securities Act of 1934. Roulston and Company Inc. and Thomas Roulston, in opposition to plaintiff's motion for a preliminary injunction, have submitted the affidavit of Thomas Roulston dated April 10, 1975. In his affidavit Thomas Roulston asserts that a large proportion of the company's customers are institutional investors and that Stecher stock was among investment opportunities suggested by the Roulston Company and by Thomas Roulston to institutional

investors, one of which, a European corporation (not affiliated with any American companies), requested the company to acquire for its beneficial ownership shares of Stecher. It is asserted in the affidavit that the European corporation beneficially owned the shares recorded in the street name of Roulston and Company, Inc., and that the European corporation had no knowledge of Bee and that Bee and the European corporation did not act as a group.

The Self affidavit admits that the Roulston and Company purchasing program in the fall of 1973 and early 1974 was designed to and resulted in the purchase for Bee of 39,000 shares of Stecher stock by January 1974. The Self affidavit and attached exhibits B and C show the framework of the agreement between the parties concerning the acquisition or merger of Stecher into Bee Chemical. Roulston was to receive a $20,000.00 retainer fee plus an additional fee of $60,000.00 should a merger between Bee Chemical Company and Stecher take place.

In the Roulston affidavit it is stated that the company does not and for many years has not acquired or owned any securities for its own account or of which it is beneficial owner. Attached to the Self affidavit are 48 sale confirmation slips sent by Roulston and Company to Bee. On most of these confirmation slips dated as early as October 1973, it is stated "Roulston and Company is a market maker in this security."

Seven of the confirmation sales slips indicate that no commission was charged by Roulston and Company. This would seem to indicate that those shares were sold from Roulston and Company's own account.

On all the papers before me in support of this application and in opposition thereto, I find that there is a likelihood that the plaintiff will succeed in this action, that the defendants did constitute a group of the type intended to be covered by Section 13(d) and that the plaintiff is likely to sustain irreparable damage unless this court grants a preliminary injunction.

IT IS HEREBY ORDERED that, pending this suit, the defendants and each of them, and their agents, associates, and persons acting in concert with them, are enjoined from directly or indirectly voting in person or by proxy any share of the plaintiff now held of record or beneficially by any of the defendants with respect to the election of directors, or any plan of merger, consolidation or sale of assets and any other plan to change or acquire control of the plaintiff, from soliciting from any of plaintiff's share holders any proxy consents, authorization or support to vote the common stock of plaintiff, or from voting any proxy or authorization now held, with respect to the election of directors, any plan of merger or consolidation or sale of assets, any other plan to change or acquire control of the plaintiff; from

entering into agreements with any other share holder of the plaintiff to obtain control of the plaintiff; from purchasing, acquiring, or otherwise aggregating any additional share of the plaintiff, either in the open market, by tender, by private negotiations, or in any other way; from using or obtaining for any purpose any list of plaintiff's share holders, or disclosing information in any list now held by the defendants, or any of them, to any other person; from taking any other steps in furtherance of any plan to acquire control and to take over management of the plaintiff in violation of the Securities Act and the rules and regulations promulgated under the Act.

Harold P. Burke

HAROLD P. BURKE
United States District Judge

June 17, 1975.

385

Decision and Order.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION

-vs- Civ-75-131

M.A. SELF, BEL CHEMCIAL COMPANY, et al.

SIR: Take notice of an ORDER & DECISION that pending this suit defts., etc. are enjoined from directly or indirectly from voting in person or proxy etc.
duly granted in the above entitled action on the 17th day of June, 1975, and duly entered in the office of the Clerk of the United States District Court, Western District of New York, on the 18th day of June, 1975.

Dated: Buffalo, New York

June 18, 1975

JOHN K. ADAMS, Clerk
U.S. District Court
U.S. Courthouse
Buffalo, New York 14202

To Kenneth A. Payment, Esq.
Attorney for Plaintiff
Hodgson, Russ, Andrews, Woods & Goodyear
Baker & McKenzie
To Johnson, Reif & Mullan
Attorney for Defendant

RECEIVED
JUN 19 1975
HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

FEDERAL RULES OF CIVIL PROCEDURE 77(d)

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

Civil Action No. 75-131

BEE CHEMICAL COMPANY,

Counterplaintiff

NOTICE OF PETITION

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

PLEASE TAKE NOTICE that the Petitioners, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, by their undersigned attorneys, will move this Court at a motion term thereof to be held at the United States Courthouse in the City of Rochester, New York on the 7th day of July, 1974 at 10:00 a.m. or as soon thereafter as counsel can be heard for reconsideration of the Order of June 17, 1975 granting a preliminary injunction to the plaintiff against the defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, or, in the alternative, that the Court stay the preliminary injunction granted in said Order pending appeal therefrom.

Dated: Buffalo, New York
June 26, 1975

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By_____

H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601

Attorneys for Defendants and Counter-plaintiff

TO: KENNETH A. PAYMENT, ESQ.
HARTER, SECREST & EMERY
700 Midtown Tower
Rochester, New York 14604

BYRON JOHNSON, ESQ.
JOHNSON, REIF & MULLAN, P.C.
47 South Fitzhugh Street
Rochester, New York 14614

NORMAN S. JEAVONS, ESQ.
BAKER, HOSTETLER & PATTERSON
Union Commerce Building
Cleveland, Ohio 44115

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

BEE CHEMICAL COMPANY,

Counterplaintiff

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

PETITION FOR RECONSIDERATION OF THE ORDER OF JUNE 17, 1975 GRANTING THE PLAINTIFF A PRELIMINARY INJUNCTION AGAINST M. A. SELF, BEE CHEMICAL COMPANY, AND ARTHUR S. HECKER AND IN THE ALTERNATIVE, AN APPLICATION FOR A STAY OF THE PRELIMINARY INJUNCTION PENDING AN APPEAL FROM THE ORDER OF JUNE 17, 1975

NOW, the defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, by and through their attorneys in this regard, Hodgson, Russ, Andrews, Woods & Goodyear and Baker & McKenzie, petition this Court to reconsider its entry of a preliminary injunction against these defendants as set forth in this Court's Order and Decision of June 17, 1975, and, upon reconsideration to dissolve said preliminary injunction and enter an Order denying the plaintiff, Stecher-Traung-Schmidt Corporation's request for preliminary injunction. In support thereof these defendants state as follows:

1. That the Court has misapprehended and misconstrued the facts as contained in the pleadings and affidavits filed herein.

2. That the Court has erred in concluding that there is a

likelihood that plaintiff will succeed in its action.

3. That the Court has erred in its conclusion that these defendants and the other defendants in this action constitute a group of the type intended to be covered by §13(d) of the Securities Exchange Act of 1934.

4. That the Court has erred in its conclusion that the plaintiff is likely to sustain irreparable damage.

5. That the pleadings and affidavits filed by the plaintiff in this cause fail to show any irreparable harm to plaintiff or any likelihood that plaintiff will sustain irreparable harm.

6. That this Court's opinion and Order are based upon a misinterpretation of §13(d) of the Securities Exchange Act of 1934 and the case law interpreting §13(d).

7. That on June 27, 1975, Bee Chemical Company filed with the Securities and Exchange Commission and sent to Stecher-Traung-Schmidt Corporation a schedule 13D, which schedule was filed under protest and solely as a result of this Court's erroneous conclusions contained in its opinion of June 17, 1975. A copy of said schedule is attached hereto as Exhibit A.

8. That this Court has not or may not have had an opportunity to consider the fairly recent United States Supreme Court decision in Rondeau v. Mosinee Paper Corporation, a copy of which decision is attached hereto and made a part hereof.

9. The plaintiff, Stecher-Traung-Schmidt Corporation, has relied to a substantial extent upon the Seventh Circuit Court of Appeals decision in Rondeau v. Mosinee Paper Corporation, which decision of the Seventh Circuit Court of Appeals has now been reversed by the Supreme Court of the United States in its decision of June 17, 1975.

WHEREFORE, these defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, respectfully pray as follows:

a. That this Court reconsider its Decision and Order of June 17, 1975 and, upon reconsideration, vacate said Order and enter an Order denying the plaintiff, Stecher-Traung-Schmidt Corporation's request for a preliminary injunction.

b. That in event this Court fails to reconsider its Decision and Order or refused to vacate said Order and deny the plaintiff's application for a preliminary injunction, this Court enter an Order staying the preliminary injunction entered against these defendants during the pendency of the appeal from this Court's Order and Decision of June 17, 1975 and stay all further proceedings in this Court during the pendency of the appeal.

Dated: Buffalo, New York
June 26, 1975

M. A. SELF, BEE CHEMICAL COMPANY and
ARTHUR S. HECKER, Petitioners, by:

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By H. Kenneth Schroeder, Jr.
H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601
Attorneys for Defendants & Counterplaintiff

Exhibit A Attached to Petition for Reconsideration.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13D

Statement filed pursuant to
Section 13(d)(1) of the Securities
Exchange Act of 1934

Notices and Communications with respect
to this Statement should be sent to:

Bee Chemical Company
2700 East 107th Street
Lansing, Illinois 60438

Attn: M.A. Self

EXHIBIT A

Exhibit A Attached to Petition for Reconsideration.

This Statement is filed to provide the information called for by Section 13(d)(1) of the Securities Exchange Act of 1934 and Rule 13d-1 thereunder as a result of the decision rendered on June 17, 1975 in an action entitled Stecher-Traung-Schmidt Corporation vs. M.A. Self, et al. (United States District Court, Western District of New York, Civil Action No.75-131) that the reporting persons hereunder constituted part of a group of the type intended to be covered by said Section 13(d). By this Statement the reporting persons hereunder neither admit the applicability to them of said Section 13(d)(1) or Rule 13d-1 or intend that such an admission can be inferred herefrom, nor do they admit that they or any of them with any other person constitute a group for purposes of said Section 13. A petition for reconsideration of said Court's order and an appeal therefrom to the United States Court of Appeals for the Second Circuit have been filed on June 27, 1975.

Item 1. Security and Issuer

This Statement relates to the shares of Common Stock of Stecher-Traung-Schmidt Corporation ("STS"), 274 North Goodman Street, Rochester, New York.

Item 2. Identity and Background

This Statement is being filed by Bee Chemical Company, 2700 East 107th Street, Lansing, Illinois. Bee Chemical Company

is a manufacturer engaged in the field of coatings, inks, printing and coating of plastic film, including a process of making transfer labels, which includes all of the basic ingredients involved in the conventional printing process.

This Statement is also being filed by M.A. Self. Mr. Self is Chairman of the Board, President and the principal stockholder of Bee Chemical Company. He resides at 444 East 4th Street, Hinsdale, Illinois. Mr. Self has been President of Bee Chemical Company since 1947. Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943 and he is 53 years old. Prior to joining Bee Chemical Company, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development. Mr. Self has never been convicted or charged in a criminal proceeding.

This Statement is also being filed by Arthur S. Hecker. Mr. Hecker is Vice Chairman of the Board of Directors of Bee Chemical Company. He resides at 560 Woodside Avenue, Hinsdale, Illinois. Mr. Hecker has been Vice Chairman of the Board of Bee Chemical Company since April 1973. Mr. Hecker is 47 years old. Mr. Hecker attended University School in Cleveland, Ohio and Babson Institute of Business Administration in Wellesley, Massachusetts. Mr. Hecker was employed with A.W. Hecker Company, a manufacturer of aircraft sub-assemblies, for 22 years. He served as President of A.W. Hecker Company from 1958 until

Exhibit A Attached to Petition for Reconsideration.

1971. Mr. Hecker also was employed with Merrill, Lynch, Pierce, Fenner & Smith for one year. Mr. Hecker has never been convicted or charged in a criminal proceeding.

Item 3. Source and Amount of Funds or Other Consideration

The shares of Common Stock of STS presently held by Bee Chemical Company were purchased from available cash assets in the aggregate amount of $292,587.62.

Item 4. Purpose of Transaction

The purpose of the purchase by Bee Chemical Company to acquire an investment in STS. The reporting persons do not exercise control over STS. Although the purpose of the purchase of shares was not to acquire control, Bee Chemical Company from the period April 1974 through July 17, 1974 engaged in merger discussions with STS, which were terminated by STS on July 17, 1974. Since that date, as a stockholder of STS, Bee Chemical Company has expressed its concern to STS management over the poor return on equity of STS and in the direction STS was pursuing by making large capital investments in STS's custom printing operations. From the period March 27, 1975 through April 4, 1975, Bee Chemical Company engaged in further discussions with STS management for a cash acquisition of STS by Bee Chemical Company which resulted in a proposal by Bee Chemical Company to management of STS that Bee Chemical Company was prepared to make an offer to purchase all the shares of STS at $8.00 per

Exhibit A Attached to Petition for Reconsideration.

share, if, and only if, management of STS would cooperate with Bee Chemical Company. This proposal was also conditioned upon receiving at least 66-2/3% agreement of STS shareholders. In response to these discussions, management of STS instituted injuctive legal proceedings against Bee Chemical Company and the other reporting persons in the Federal District Court for the Western District of New York in the above referenced legal action.

Bee Chemical Company has sought representation on the Board of Directors of STS and has sought to acquire additional shares of STS in privately negotiated transactions.

Bee Chemical Company has no present plans to liquidate STS or sell its assets. Bee Chemical Company considers that a merger or combination of Bee Chemical Company and STS would be of benefit to both companies. Other than said merger, Bee Chemical Company considers that the emphasis of STS on its custom printing operations should be directed, in part, to more profitable lines. Bee Chemical Company continues to look favorably upon an acquisition of STS. It has no present plans, however, to acquire STS without the cooperation of STS management.

Item 5. Interest in Securities of the Issuer

Bee Chemical Company is the beneficial owner of 39,000 shares (representing no more than 4.85%) of Common Stock of STS which were purchased during the period September 11, 1973 to January 28, 1974. No other reporting person or any person who

is an officer or director of Bee Chemical Company or who is affiliated or associated with any reporting person owns any securities of STS. Bee Chemical Company has been informed that Roulston & Company, Inc. holds of record 25,200 shares of Common Stock of STS. Bee Chemical Company does not consider Roulston & Company, Inc. (or the beneficial owner of said shares, the identity of whom Bee Chemical Company is unaware) to be an "associate" of Bee Chemical Company as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934.

Since January 28, 1974 no transaction in any security of STS has been effected by Bee Chemical Company or any of its officers, directors or affiliated persons.

Item 6. Contracts, Arrangements, or Understandings with Respect to Securities of the Issuer

During the consideration by STS in 1974 of Bee Chemical Company's merger proposal, Roulston & Company, Inc. which had been engaged by Bee Chemical Company in connection with such proposed merger, requested that its representation be defined. By letters dated April 19, 1974 and May 2, 1974, Bee Chemical Company and Roulston & Company, Inc. indicated that Roulston & Company, Inc. was being retained to develop a merger or acquisition for Bee Chemical Company with another company, including among other possibilities, STS, for which Roulston & Company was to receive a retainer of $20,000 plus an additional amount of $60,000 should a merger between Bee Chemical Company and STS

take place. Bee Chemical Company did not request or instruct that Roulston & Company, Inc., or any of its customers, undertake any action to aggregate or pool STS Common Stock.

The Court in the above referenced legal action by STS has indicated that it is likely by such arrangement that Bee Chemical Company and Roulston & Company, Inc. constituted a group for purposes of Section 13(d) of the Securities Exchange Act of 1934 and has granted preliminary injunctive relief. Bee Chemical Company, of course, disagrees with this erroneous conclusion and has proceeded with a petition for reconsideration and an appeal from this ruling.

Item 7. Persons Retained, Employed or to be Compensated

Not Applicable.

Item 8. Material to be Filed as Exhibits

Not Applicable.

Exhibit A Attached to Petition for Reconsideration.

SIGNATURE

I certify that to the best of my knowledge and belief the information set forth in this Statement is true, complete and correct.

June 27, 1975

BEE CHEMICAL COMPANY

By /s/ M.A. Self
M.A. Self

/s/ M.A. Self
M.A. Self

/s/ Arthur S. Hecker
Arthur S. Hecker

one. Because I think that the District Court's misconstruction of the statute prejudiced petitioner in this case and may continue to do mischief in future prosecutions brought under § 871, I would reverse on this ground rather than on the Solicitor General's confession of error.

RALPH W. PARNELL, Shreveport, Louisiana (DAVID B. CLINKENBEARD and NAFF, KENNEDY, GOODMAN, STEPHENS, DONOVAN & PARNELL, with him on the brief) for petitioner. ALLAN ABBOTT TUTTLE, Assistant to the Solicitor General (ROBERT H. BORK, Solicitor General, JOHN KEENEY, Acting Assistant Attorney General, A. RAYMOND RANDOLPH, JR., Deputy Solicitor General, WILLIAM L. PATTON, Assistant to the Solicitor General, and MARSHALL TAMOR GOLDING, Justice Dept. attorney, with him on the brief) for respondent.

No. 74-415

Francis A. Rondeau, Petitioner, *v.* Mosinee Paper Corporation. | On Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.

[June 17, 1975]

Syllabus

Respondent corporation brought this action against petitioner to enjoin him from voting or pledging his stock in respondent and from acquiring additional shares, and requiring him to divest himself of the stock that he already owned. Respondent claimed that the failure of petitioner, who had acquired more than 5% of respondent's stock, to make timely disclosure as required by § 13 (d) of the Williams Act was a scheme to defraud respondent and its stockholders. Petitioner, who had filed the disclosure schedule about three months after the statutory filing time, contended that the Williams Act violation, which he readily conceded, resulted from his lack of familiarity with the securities laws, and that neither respondent nor its shareholders had been harmed. The District Court granted petitioner's motion for summary judgment, having found no material issues of fact regarding petitioner's lack of willfulness in failing to make a timely filing and no basis in the record for disputing petitioner's claim that he first considered the possibility of obtaining control of respondent sometime after he discovered his filing obligation. It concluded that respondent had suffered no cognizable harm from the late filing and that this was not an appropriate case in which to grant injunctive relief. The Court of Appeals reversed, concluding that respondent was harmed by having been delayed in its efforts to respond to petitioner's potential to obtain control of the company but that, in any event, respondent was not required to show irreparable harm as a prerequisite to obtaining permanent injunctive relief since as the securities' issuer, respondent was in the best position to assure that the Williams Act's filing requirements were being timely and fully complied with. *Held*: A showing of irreparable harm, in accordance with traditional principles of equity, is necessary before a private litigant can obtain injunctive relief based upon § 13 (d) of the Williams Act.

(a) The Court of Appeals erred in concluding that respondent suffered "harm" because of petitioner's technical default, since petitioner has not attempted to obtain control of respondent, has now made proper disclosure, and has given no indication that he will not report any material changes in his disclosure schedule.

(b) Persons who allegedly sold their stock to petitioner at unfairly depressed predisclosure prices have adequate remedies by an action for damages, and those who would not have invested, had they thought a takeover bid was imminent, are not threatened with injury.

(c) The District Court was entirely correct in insisting that respondent satisfy the traditional prerequisites of extraordinary equitable relief by establishing irreparable harm, and its conclusions that petitioner acted in good faith and promptly filed a disclosure schedule when he became aware of his obligation to do so support the exercise of that Court's sound judicial discretion to deny the application for an injunction, relief that is historically "designed to deter, not to punish." *Hecht Co.* v. *Bowles*, 321 U. S. 321, 329.

(d) Respondent is not relieved of the burden of establishing those prerequisites simply because it is asserting a so-called implied private right of action under the Williams Act.

500 F. 2d 1011, reversed and remanded.

BURGER, C. J., delivered the opinion of the Court, in which STEWART, WHITE, BLACKMUN, POWELL, and REHNQUIST, JJ., joined. BRENNAN, J., filed a dissenting opinion, in which DOUGLAS, J., joined. MARSHALL, J., dissented.

MR. CHIEF JUSTICE BURGER delivered the opinion of the Court.

We granted certiorari in this case to determine whether a showing of irreparable harm is necessary for a private litigant to obtain injunctive relief in a suit under § 13 (d) of the Williams Act, 15 U. S. C. § 78m (d). The Court of Appeals held that it was not. We reverse.

I

Respondent Mosinee Paper Corporation is a Wisconsin company engaged in the manufacture and sale of paper, paper products, and plastics. Its principal place of business is located in Mosinee, Wisconsin, and its only class of equity security is common stock which is registered under § 12 of the Securities Exchange Act of 1934, 15 U. S. C. § 78*l*. At all times relevant to this litigation there were slightly more than 800,000 shares of such stock outstanding.

In April 1971 petitioner Francis A. Rondeau, a Mosinee businessman, began making large purchases of respondent's common stock in the over-the-counter market. Some of the purchases were in his own name; others were in the name of businesses and a foundation known to be controlled by him. By May 17, 1971, petitioner had acquired 40,413 shares of respondent's stock, which constituted more than 5% of those outstanding. He was therefore required to comply with the disclosure provisions of the Williams Act,[1] by filing a Schedule 13D

[1] The Williams Act, which amended the Securities Exchange Act of 1934, provides in relevant part:

. . . . . .

"(d)(1) Any person who, after acquiring directly or indirectly the beneficial ownership of any equity security of a class which is registered pursuant to Section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in Section 12 (g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1904, is directly or indirectly the beneficial owner of more than 5 per centum of such class shall, within ten days after such acquisition, send to

with respondent and the Securities and Exchange Commission within 10 days. That form would have disclosed, among other things, the number of shares beneficially owned by petitioner, the source of the funds used to purchase them, and petitioner's purpose in making the purchases.

Petitioner did not file a Schedule 13D but continued to purchase substantial blocks of respondent's stock; by July 30, 1971, he had acquired more than 60,000 shares. On that date the chairman of respondent's board of directors informed him by letter that his activity had "given rise to numerous rumors" and "seems to have created some problems under the Federal Securities Laws . . . ." Upon receiving the letter petitioner immediately stopped placing orders for respondent's stock and consulted his attorney.[2] On August 25, 1971, he filed a Schedule 13D which, in addition to the other required disclosures, described the "Purpose of Transaction" as follows:

> "Francis A. Rondeau determined during early part of 1971 that the common stock of Issuer [respondent] was undervalued in the over-the-counter market and represented a good investment vehicle for future income and appreciation. Francis A. Rondeau and his associates presently propose to seek to acquire additional common stock of the Issuer in order to obtain effective control of the Issuer, but such investments as originally determined were and are not necessarily made with this objective in mind. Consideration is currently being given to making a public cash tender offer to the shareholders of the Issuer at a price which will reflect current quoted prices for such stock with some premium added."

Petitioner also stated that, in the event that he did obtain control of respondent, he would consider making changes in management "in an effort to provide a Board of Directors which is more representative of all of the shareholders, particularly those outside of present management . . . ." One month later petitioner amended the form to reflect more accurately the allocation of shares between himself and his companies.

On August 27 respondent sent a letter to its shareholders informing them of the disclosures in petitioner's Schedule 13D.[3] The letter stated that by his "tardy filing" petitioner had "withheld the information to which you [the shareholders] were entitled for more than two months, in violation of federal law." In addition, while agreeing that "recent market prices have not reflected the real value of your Mosinee stock," respondent's management could "see little in Mr. Rondeau's background that would qualify him to offer any meaningful guidance to a Company in the highly technical and competitive paper industry."

Six days later respondent initiated this suit in the United States District Court for the Western District of Wisconsin. Its complaint named petitioner, his companies, and two banks which had financed some of petitioner's purchases as defendants and alleged that they were engaged in a scheme to defraud respondent and its shareholders in violation of the securities laws. It alleged further that shareholders who had "sold shares without the information which defendants were required to disclose lacked information material to their decision to sell or hold," and that respondent "was unable to communicate such information to its shareholders, and to take such actions as their interest required." Respondent prayed for an injunction prohibiting petitioner and his codefendants from voting or pledging their stock and from acquiring additional shares, requiring them to divest themselves of stock which they already owned, and for damages. A motion for a preliminary injunction was filed with the complaint but later withdrawn.

---

the issuer of the security at its principal executive office, by registered or certified mail, send to each exchange where the security is traded, and file with the Commission, a statement containing such of the following information, and such additional information, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors—

"(A) the background and identity of all persons by whom or on whose behalf the purchases have been or are to be effected;

"(B) the source and amount of the funds or other consideration used or to be used in making the purchases, and if any part of the purchase price or proposed purchase price is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading such security, a description of the transaction and the names of the parties thereto, except that where a source of funds is a loan made in the ordinary course of business by a bank, as defined in Section 3 (a)(6) of this title, if the person filing such statement so requests, the name of the bank, shall not be made available to the public;

"(C) if the purpose of the purchasers or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have to liquidate such issuer, to sell its assets to or merge it with any other persons, or to make any other major change in its business or corporate structure;

"(D) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by (i) such person, and (ii) by each associate of such person, giving the name and address of each such associate; and

"(E) information as to any contracts arrangements or understandings with any person with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such contracts, arrangements, or understandings have been entered into, and giving the details thereof." 82 Stat. 454, 456; 15 U. S. C. § 78m(d).

The Commission requires the purpose of the transaction to be disclosed in every Schedule 13D, regardless of an intention to acquire control and make major changes in its structure. See 17 CFR § 240, 13d–1, –101 (1974).

[2] Although some outstanding orders were filled after July 30, 1971, petitioner placed no new orders for respondent's stock after that date.

[3] Respondent simultaneously issued a press release containing the same information. Almost immediately the price of its stock jumped to $19–$21 per share. A few days later it dropped back to the prevailing price of $12.50–$14.00 per share, where it remained.

After three months of pretrial proceedings petitioner moved for summary judgment. He readily conceded that he had violated the Williams Act, but contended that the violation was due to a lack of familiarity with the securities laws and that neither respondent nor its shareholders had been harmed. The District Court agreed. It found no material issues of fact to exist regarding petitioner's lack of willfulness in failing to timely file a Schedule 13D, concluding that he discovered his obligation to do so on July 30, 1971,[4] and that there was no basis in the record for disputing his claim that he first considered the possibility of obtaining control of respondent some time after that date. The District Court therefore held that petitioner and his codefendants "did not engage in intentional covert, and conspiratorial conduct in failing to timely file the 13D Schedule."[5]

Similarly, although accepting respondent's contention that its management and shareholders suffered anxiety as a result of petitioner's activities and that this anxiety was exacerbated by his failure to disclose his intentions until August 1971, the District Court concluded that similar anxiety "could be expected to accompany any change in management," and was "a predictable consequence of shareholder democracy." It fell far short of the irreparable harm necessary to support an injunction and no other harm was revealed by the record; as amended, petitioner's Schedule 13D disclosed all of the information to which respondent was entitled, and he had not proceeded with a tender offer. Moreover, in the view of the District Court even if a showing of irreparable harm were not required in all cases under the securities laws, petitioner's lack of bad faith and the absence of damage to respondent made this "a particularly inappropriate occasion to fashion equitable relief . . . ." Thus, although petitioner had committed a technical violation of the Williams Act, the District Court held that respondent was entitled to no relief and entered summary judgment against it.[6]

The Court of Appeals reversed with one judge dissenting. The majority stated that it was "giving effect" to the District Court's findings regarding the circumstances of petitioner's violation of the Williams Act,[7] but concluded that those findings showed harm to respondent because "it was delayed in its efforts to make any necessary response to" petitioner's potential to take control of the company. In any event, the majority was of the view that respondent "need not show irreparable harm as a prerequisite to obtaining permanent injunctive relief in view of the fact that as issuer of the securities it is in the best position to assure that the filing requirements of the Williams Act are being timely and fully complied with and to obtain speedy and forceful remedial action when necessary." 500 F. 2d 1011, 1016–1017. The Court of Appeals remanded the case to the District Court with instructions that it enjoin petitioner and his codefendants from further violations of the Williams Act and from voting the shares purchased between the due date of the Schedule 13D and the date of its filing for a period of five years. It considered "such an injunctive decree appropriate to neutralize [petitioner's] violation of the Act and to deny him the benefit of his wrongdoing." 500 F. 2d, at 1017.

We granted certiorari to resolve an apparent conflict among the courts of appeals and because of the importance of the question presented to private actions under the Federal Securities Laws. We disagree with the Court of Appeals' conclusion that the traditional standards for extraordinary equitable relief do not apply in these circumstances, and reverse.

II

As in the District Court and the Court of Appeals, it is conceded here that petitioner's delay in filing the Schedule 13D constituted a violation of the Williams Act. The narrow issue before us is whether this record supports the grant of injunctive relief, a remedy whose basis "in the federal courts has always been irreparable harm and inadequacy of legal remedies." *Beacon Theatres, Inc.* v. *Westover*, 359 U. S. 500, 506–507 (1959).

The Court of Appeals' conclusion that respondent suffered "harm" sufficient to require sterilization of petitioner's stock need not long detain us. The purpose of the Williams Act is to insure that public shareholders who are confronted by a cash tender offer for their stock will not be required to respond without adequate information regarding the qualifications and intentions of the offering party.[8] By requiring disclosure of information

---

[4] The District Court pointed out that prior to December 10, 1970, a Schedule 13D was not required until a person's holdings exceeded 10% of a corporation's outstanding equity securities, see Pub. L. No. 91–567, 84 Stat. 1497, and credited petitioner's testimony that he believed the 10% requirement was still in effect at the time he made his purchases. Indeed, the chairman of respondent's board of directors was not familiar with the Williams Act's filing requirement until shortly before he sent the July 30, 1971 letter.

[5] The District Court also concluded that respondent's management was not unaware of petitioner's activities with respect to its stock. It found that by July 1971, there was considerable "street talk" among brokers, bankers, and businessmen regarding his purchases and that the chairman of respondent's board had been monitoring them.

[6] The District Court also dismissed respondent's claims that petitioner had violated other provisions of the Securities Laws. Review of these rulings was not sought in the Court of Appeals, and they are not now before us.

[7] The Court of Appeals also agreed with the District Court that the disclosures in petitioner's amended Schedule 13D were adequate.

[8] The Senate Report describes the dilemma facing such a shareholder as follows:

"He has many alternatives. He can tender all of his shares immediately and hope they all are purchased. However, if the offer is for less than all the outstanding shares, perhaps only a part of them will be taken. In these instances, he will remain a shareholder in the company, under a new management which he has helped to install without knowing whether it will be good or bad for the company.

"The shareholder, as another alternative, may wait to see if a better offer develops, but if he tenders late, he runs the risk that none of his shares will be taken. He may also sell his shares in the

to the target corporation as well as the Securities and Exchange Commission, Congress intended to do no more than give incumbent management an opportunity to express and explain its position. The Congress expressly disclaimed an intention to provide a weapon for management to discourage takeover bids or prevent large accumulations of stock which would create the potential for such attempts. Indeed, the Act's draftsmen commented upon the "extreme care" which was taken "to avoid tipping the balance of regulation either in favor of management or in favor of the person making the takeover bid." S. Rep. No. 550, 90th Cong., 1st Sess., p. 3 (1967); H. R. Rep. No. 1711, 90th Cong., 2d Sess., p. 4 (1968). See also *Electronic Specialty Co.* v. *International Controls Corp.*, 409 F. 2d 937, 947 (CA2 1969).

The short of the matter is that none of the evils to which the Williams Act was directed has occurred or is threatened in this case. Petitioner has not attempted to obtain control of respondent, either by a cash tender offer or any other device. Moreover, he has now filed a proper Schedule 13D, and there has been no suggestion that he will fail to comply with the Act's requirement of reporting any material changes in the information contained therein.[9] 15 U. S. C. § 78m (d)(2); 17 CFR § 240.13d–2 (1974). On this record there is no likelihood that respondent's shareholders will be disadvantaged should petitioner make a tender offer, or that respondent will be unable to adequately place its case before them should a contest for control develop. Thus, the usual basis for injunctive relief, "that there exists some cognizable danger of recurrent violation," is not present here. *United States* v. *W. T. Grant Co.*, 345 U. S. 629, 633 (1953). See also *Vicksburg Waterworks Co.* v. *Vicksburg*, 185 U. S. 65, 82 (1902).

Nor are we impressed by respondent's argument that an injunction is necessary to protect the interests of its shareholders who either sold their stock to petitioner at predisclosure prices or would not have invested had they known that a takeover bid was imminent. Brief for Respondent, at 13, 20–21. As observed, the principal object of the Williams Act is to solve the dilemma of shareholders desiring to respond to a cash tender offer, and it is not at all clear that the type of "harm" identified by respondent is redressable under its provisions. In any event, those persons who allegedly sold at an unfairly depressed price have an adequate remedy by way of an action for damages, thus negating the basis for equitable relief.[10] See *Youngstown Sheet & Tube Co.* v. *Sawyer*, 343 U. S. 579, 595 (1952) (opinion of Frankfurter, J.). Similarly, the fact that the second group of shareholders for whom respondent expresses concern have retained the benefits of their stock and the lack of an imminent contest for control make the possibility of damage to them remote at best. See *Truly* v. *Wanzer*, 5 How. 141, 142–143 (1847).

We turn, therefore, to the Court of Appeals' conclusion that respondent's claim was not to be judged according to traditional equitable principles, and that the bare fact that petitioner violated the Williams Act justified entry of an injunction against him. This position would seem to be foreclosed by *Hecht Co.* v. *Bowles*, 321 U. S. 321 (1944). There, the administrator of the Emergency Price Control Act of 1942 brought suit to redress violations of that statute. The fact of the violations was admitted, but the District Court declined to enter an injunction because they were inadvertent and the defendant had taken immediate steps to rectify them. This Court held that such an exercise of equitable discretion was proper despite § 205 (a) of the Act, which provided that an injunction or other order "shall be granted" upon a showing of violation, obesrving:

> "We are dealing with the requirements of equity practice with a background of several hundred years of history. . . . *The historic injunctive process was designed to deter, not to punish.* The essence of equity jurisdiction has been the power of the Chancellor to do equity and to mould each decree to the necessities of the particular case. Flexibility rather than rigidity has distinguished it. The qualities of mercy and practicality have made equity the instrument for nice adjustment and reconciliation between the public interest and private needs as well as between competing private claims. We do not believe that such a major departure from that long tradition as is here proposed should be lightly implied." 321 U. S., at 329–330. (Emphasis added).

This reasoning applies *a fortiori* to actions involving only "competing private claims," and suggests that the District Court here was entirely correct in insisting that respondent satisfy the traditional prerequisites of extraordinary equitable relief by establishing irreparable harm. Moreover, the District Judge's conclusions that petitioner acted in good faith and that he promptly filed a Schedule 13D when his attention was called to this obligation [11] support the exercise of its sound judicial dis-

---

market and hope for the best. Without knowledge of who the bidder is and what he plans to do, the shareholder cannot reach an informed decision." S. Rep. No. 550, 90th Cong., 1st Sess., p. 2 (1967).

However, the Report also recognized "that takeover bids should not be discouraged because they serve a useful purpose in providing a check on entrenched but inefficient management. *Id.*, at 3.

[9] Because this case involves only the availability of injunctive relief to remedy a § 13 (d) violation following compliance with the reporting requirements, it does not require us to decide whether or under what circumstances a corporation could obtain a decree enjoining a shareholder who is currently in violation of § 13 (d) from acquiring further shares, exercising voting rights, or launching a takeover bid, pending compliance with the reporting requirements.

[10] The Court was advised by respondent that such a suit is now pending in the District Court and class action certification has been sought. Although we intimate no views regarding the merits of that case, it provides a potential sanction for petitioner's violation of the Williams Act which is not insignificant.

[11] In its brief on the merits respondent argues that "genuine issues of material fact exist as to the knowledge, motives, purposes and plans in [petitioner's] rapid acquisition of" its stock and that, at the very least, the case should be remanded for trial on these issues.

cretion to deny an application for an injunction, relief which is historically "designed to deter, not to punish" and to permit the court "to mould each decree to the necessities of the particular case." 321 U. S., at 329. As MR. JUSTICE DOUGLAS aptly pointed out in *Hecht Co.*, the "grant of *jurisdiction* to issue compliance orders hardly suggests an absolute duty to do so under any and all circumstances." *Ibid.* (emphasis by Court).

Respondent urges, however, that the "public interest" must be taken into account in considering its claim for relief and relies upon the Court of Appeals' conclusion that it is entitled to an injunction because it "is in the best position" to insure that the Williams Act is complied with by purchasers of its stock. This argument misconceives, we think, the nature of the litigation. Although neither the availability of a private suit under the Williams Act nor respondent's standing to bring it has been questioned here, this cause of action is not expressly authorized by the statute or its legislative history. Rather, respondent is asserting a so-called implied private right of action established by cases such as *J. I. Case Co.* v. *Borak*, 377 U. S. 426 (1964). Of course, we have not hesitated to recognize the power of federal courts to fashion private remedies for securities laws violations when to do so is consistent with the legislative scheme and necessary for the protection of investors as a supplement to enforcement by the Securities and Exchange Commission. Compare *J. I. Case Co.* v. *Borak, supra*, with *Securities Investor Protection Corp.* v. *Barbour*, — U. S. — (1975). However, it by no means follows that the plaintiff in such an action is relieved of the burden of establishing the traditional prerequisites of relief. Indeed, our cases hold that quite the contrary is true.

In *Deckert* v. *Independence Shares Corp.*, 311 U. S. 282 (1940), this Court was called upon to decide whether the Securities Act of 1933 authorized purchasers of securities to bring an action to rescind an allegedly fraudulent sale. The question was answered affirmatively on the basis of the statute's grant of federal jurisdiction to "enforce any liability or duty" created by it. The Court's reasoning is instructive:

> "The power to *enforce* implies the power to make effective the right of recovery afforded by the Act. And the power to make the right of recovery effective implies the power to utilize any of the procedures or actions normally available to the litigant according to the exigencies of the particular case. If petitioners' bill states a cause of action when tested by the customary rules governing suits of such character, the Securities Act authorizes maintenance of the suit . . . ." 311 U. S., at 288.

In other words, the conclusion that a private litigant could maintain an action for violation of the 1933 Act meant no more than that traditional remedies were available to redress any harm which he may have suffered; it provided no basis for dispensing with the showing required to obtain relief. Significantly, this passage was relied upon in *Borak* with respect to actions under the Securities Exchange Act of 1934. See 377 U. S., at 433–434.

Any remaining uncertainty regarding the nature of relief available to a person asserting an implied private right of action under the Securities Laws was resolved in *Mills* v. *Electric Auto-Lite Co.*, 396 U. S. 375 (1970). There we held that complaining shareholders had proven their case under § 14 (a) of the 1934 Act by showing that misleading statements in a proxy solicitation were material and that the solicitation itself "was an essential link in the accomplishment of" a merger. We concluded that any stricter standard would frustrate private enforcement of the proxy rules, but Mr. Justice Harlan took pains to point out that:

> "Our conclusion that petitioners have established their case by showing that proxies necessary to approval of the merger were obtained by means of a materially misleading solicitation implies nothing about the form of relief to which they may be entitled. . . . In devising retrospective relief for violation of the proxy rules, the federal courts should consider the same factors that would govern the relief granted for any similar illegality or fraud . . . . In selecting a remedy the lower courts should exercise 'the sound discretion which guides the determinations of courts of equity,' keeping in mind the role of equity as 'the instrument for nice adjustment and reconciliation between the public interest and private needs as well as between competing private claims.'" 396 U. S., at 386, quoting *Hecht Co.* v. *Bowles*, 321 U. S., at 329.

Considering further the remedies which might be ordered, we observed that "the merger should be set aside only if a court of equity concludes, from all the circumstances, that it would be equitable to do so," and that "damages should be recoverable only to the extent that they can be shown." 396 U. S., at 388, 389.

Mills could not be plainer in holding that the questions of liability and relief are separate in private actions under the Securities Laws, and that the latter is to be determined according to traditional principles. Thus, the fact that respondent is pursuing a cause of action which has been generally recognized to serve the public interest provides no basis for concluding that it is relieved of showing irreparable harm and other usual prerequisites for injunctive relief. Accordingly, the judgment of the Court of Appeals is reversed and the case is remanded

---

This point was not raised in the petition for certiorari or respondent's opposition thereto, nor was it made the subject of a cross-petition. Because it would alter the judgment of the Court of Appeals, which like that of the District Court had effectively put an end to the litigation, rather than providing an alternative ground for affirming it, we will not consider the argument when raised in this manner. See *Mills* v. *Electric Auto-Lite Co.*, 396 U. S. 375, 381 n. 4 (1970); *Morley Constr. Co.* v. *Maryland Cas. Co.*, 300 U. S. 185, 191–192 (1937). Cf. *Wiener* v. *United States*, 357 U. S. 349, 351 n. 8 (1958).

to it with directions to reinstate the judgment of the District Court.

So ordered.

MR. JUSTICE MARSHALL dissents.

MR. JUSTICE BRENNAN, with whom MR. JUSTICE DOUGLAS joins, dissenting.

I dissent. Judge Pell, dissenting below, correctly in my view, read the decision of the Court of Appeals to construe the Williams Act, as I also construe it, to authorize injunctive relief upon the application of the management interests "irrespective of motivation, irrespective of irreparable harm to the corporation, and irrespective of whether the purchases were detrimental to investors in the company's stock. The violation timewise is . . . all that is needed to trigger this result." 500 F. 2d, at 1018. In other words, the Williams Act is a prophylactic measure conceived by Congress as necessary to effect the congressional objective "that investors and management be notified at the earliest possible moment of the potential for a shift in corporate control." 500 F. 2d, at 1016. The violation itself establishes the actionable harm and no showing of other harm is necessary to secure injunctive relief. Today's holding completely undermines the congressional purpose to preclude inquiry into the results of the violation.

DAVID E. BECKWITH, Milwaukee, Wis. (MAURICE J. McSWEENEY, LYMAN A. PRECOURT and RICHARD H. PORTER, with him on the brief) for petitioner; LAURENCE C. HAMMOND, JR., Milwaukee, Wis. (JAMES A. URDAN, W. STUART PARSONS, BRUCE C. DAVIDSON and DARRYL S. BELL, with him on the brief) for respondent.

No. 73-1908

Stewart S. Cort et al., Petitioners, v. Richard A. Ash, etc. | On Writ of Certiorari to the United States Court of Appeals for the Third Circuit.

[June 17, 1975]

Syllabus

Respondent stockholder brought this action seeking damages in favor of petitioner Bethlehem Steel Corp., a Delaware corporation, and injunctive relief because of advertisements in connection with the 1972 Presidential election that petitioner corporate directors had authorized from general corporate funds in alleged violation of 18 U. S. C. § 610, which prohibits corporations from making contributions or expenditures in connection with specified federal elections. Respondent alleged jurisdiction under 28 U. S. C. § 1331 and sought to state a private claim for relief under 18 U. S. C. § 610, and also invoked pendent jurisdiction for an *ultra vires* claim under Delaware law. The District Court's denial of a preliminary injunction was upheld on appeal, following which respondent dropped the pendent claim rather than post security for expenses under state law before proceeding with that claim. The District Court then granted petitioners' motion for summary judgment. The Court of Appeals reversed, holding that the passage of the election had not mooted the case since damages were sought and that "a private cause of action, whether brought by a citizen to secure injunctive relief or by a stockholder to secure injunctive or derivative damage relief . . . [is] . . . proper to remedy violation of § 610." After the Court of Appeals decision Congress enacted the Federal Election Campaign Act Amendments of 1974 (hereinafter the Amendments), under which, *inter alia*, the Federal Election Commission can receive citizen complaints of statutory violations and where warranted request the Attorney General to seek injunctive action. *Held:*

1. The Amendments constitute an intervening law that relegates to the Commission's cognizance respondent's complaint as citizen or stockholder for injunctive relief against any alleged violations of § 610 in future elections, since this Court must examine this case according to the law existing at the time of its decision. *United States* v. *Schooner Peggy*, 1 Cranch 103, 110; *Bradley* v. *Richmond School Board*, 416 U. S. 696, 711.

2. Respondent stockholder's derivative suit with regard to the alleged 1972 violation cannot be implied under 18 U. S. C. § 610, and respondent's remedy, if any, must be under Delaware's corporation law.

(a) Section 610 was primarily concerned, not with the internal relations between corporations and stockholders, but with corporations as a source of aggregated wealth and therefore of potential corrupting influence; thus this statute differs from other criminal statutes in which private causes of action have been inferred because of a clearly articulated federal right in the plaintiff, *e. g.*, *Bivens* v. *Six Unknown Federal Narcotics Agents*, 402 U. S. 388, or a pervasive legislative scheme governing the relationship between the plaintiff class and the defendant class in a particular regard, *e. g.*, *J. I. Case Co.* v. *Borak*, 377 U. S. 426.

(b) The legislative history of § 610 suggests no congressional intention to vest in corporate shareholders a federal right to damages for a violation of the statute.

(c) A private remedy would not further the statutory purpose of dulling corporate influence on federal elections since any compelled repayment to the corporation might well not deter the initial violation.

(d) The cause of action is one traditionally relegated to state law in an area of primarily state concern. In addition to the *ultra vires* claim urged by respondent the alleged misuse of corporate funds might, under the law of some States, give rise to a cause of action for breach of a fiduciary duty.

496 F. 2d 416, reversed.

BRENNAN, J., delivered the opinion for a unanimous Court.

MR. JUSTICE BRENNAN delivered the opinion of the Court.

There are other questions, but the principal issue presented for decision is whether a private cause of action for damages against corporate directors is to be implied in favor of a corporate stockholder under 18 U. S. C. § 610, a criminal statute prohibiting corporations from making "a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors . . . are to be voted for."[1] We con-

[1] Title 18 U. S. C. § 610 provided as follows when this suit was filed:

"Contributions or expenditures by national banks, corporations or labor organizations.

"It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office,

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

Civil Action No.
75-131

NOTICE OF APPEAL

BEE CHEMICAL COMPANY,

Counterplaintiff

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

NOTICE IS HEREBY GIVEN that M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, defendants above named, pursuant to Title 28, §1292(a)(1) of the United States Code appeal to the United States Court of Appeals for the Second Circuit from the Order of the Honorable Harold P. Burke enjoining these defendants, their agents, associates and persons acting in concert with them from directly or indirectly voting in person or by proxy any share of the plaintiff, STECHER-TRAUNG-SCHMIDT CORPORATION, held of record or beneficially by these defendants with respect to the election of directors, or any plan of merger, consolidation or sale of assets and any other plan to change or acquire control of the plaintiff, from soliciting from any of the plaintiff's shareholders any proxy consent authorization or support to vote the common stock of plaintiff, or from voting any proxy or authorization now held, with respect to the election of directors, any plans of mergers or consolidation or sale of assets, any

other plan to change or acquire control of the plaintiff, from entering into agreements with any other shareholder of the plaintiff to obtain control of the plaintiff, from purchasing, acquiring or otherwise aggregating any additional shares of the plaintiff, from using or obtaining for any purpose any list of plaintiff's shareholders, or disclosing information in any list now held by these defendants, from taking any other steps in furtherance of any plan to acquire control and to take over management of the plaintiff, which Order was entered in this action on the 17th day of June, 1975.

By this appeal, the defendants will ask the United States Court of Appeals to vacate the Order of June 17, 1975, dissolve in all respects the preliminary injunction entered against these defendants and grant whatever relief the Court of Appeals deems appropriate.

Respectfully submitted,

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By: _____
H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601

Attorneys for Defendants and Counterplaintiff

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

ORDER TO SHOW CAUSE

CIVIL ACTION NO. 75-131

Upon the annexed motion papers including the affidavit of Kenneth A. Payment, sworn to the 7th day of July, 1975, and attached Exhibits, it is hereby

ORDERED that the defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker appear in person or by attorney before the Honorable Harold P. Burke, a Judge of this Court, at the United States Courthouse, in Rochester, New York, on the 14th day of July, 1975, at the hour of 10:00 o'clock A. M., and then and there show cause, if any there be, why this Court should not issue an Order dismissing the Petition of the defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker, attached to the moving papers,

AND IT IS FURTHER ORDERED that pending a hearing and decision on the plaintiff's motion to dismiss, the hearing and consideration of the defendants' Petition shall be stayed and the plaintiff shall not be required to file and serve reply papers pending decision on the plaintiff's motion to dismiss,

AND IT IS FURTHER ORDERED that service on the defendants' attorneys by ordinary mail on or before July 8 , 1975, shall be due and sufficient notice.

Dated: July 7 , 1975
Rochester, New York

Harold P. Burke /s/
Harold P. Burke, U. S. D. J.

Motion to Dismiss.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

MOTION TO DISMISS

Civil Action No. 75-111

Upon the attached affidavit of Kenneth A. Payment, Esq., and exhibits all sworn to the 7th day of July, 1975, the plaintiff by its attorneys, respectfully moves the Court for:

1. An order dismissing the Petition of the defendants M. A. Self, Bee Chemical Company, and Arthur S. Hecker, which Petition requests this Court to reconsider its Decision and Order dated June 17, 1975, and entered June 18, 1975. The ground for said motion by the plaintiff is that the District Court lacks jurisdiction to consider the defendants' Petition during the pendency of an appeal filed by them.

2. An order to show cause fixing the hearing date for the plaintiff's motion and staying the consideration of the defendants' Petition pending a decision on the plaintiff's motion to dismiss and relieving plaintiff of the requirement to file and serve an answering affidavit to the defendants' Petition pending further order of this Court.

HARTER, SECREST & EMERY

By: Kenneth A. Payment

Member of the Firm
Attorneys for Plaintiff
Office and Post Office Address
700 Midtown Tower
Rochester, New York 14620
(716) 232-6500

Affidavit of Kenneth A. Payment.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff,

-vs-

M.A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants.

STATE OF NEW YORK)
COUNTY OF MONROE) SS:

KENNETH A. PAYMENT, being duly sworn, deposes and says:

1. I am an attorney duly admitted to practice law in the State of New York and I am a member of the law firm of Harter, Secrest & Emery, attorneys for the plaintiff in the above action.

2. I make this affidavit in support of plaintiff's motion to dismiss the "petition" of the defendants M.A. Self, Bee Chemical Company and Arthur S. Hecker for reconsideration of the order of June 17, 1975 granting the plaintiff's preliminary injunction.

3. On June 30, 1975, I received from the District Court Clerk a copy of a notice of appeal with notice of filing on June 27, 1975. A copy of the Clerk's letter and notice of appeal are annexed hereto as Exhibit "A".

4. Also on June 30, 1975 I received from Kenneth Schroeder, Esq. a Notice of Petition and Petition requesting this court to reconsider its decision and order dated June 17, 1975 and further requesting a stay of the preliminary injunction pending appeal. A copy of said Notice of Petition and Petition is annexed hereto and made a part hereof and marked Exhibit "B".

As can be noted from Exhibit "B" the Notice of Petition specified a return date for the hearing on July 7, 1975, a date on which this court does not hold motion calendar. By letter dated and mailed June 30, 1975, a copy of which is annexed hereto as Exhibit "C", I informed Mr. Schroeder that I did not consider a motion to be pending without proper notice of a return date.

5. On July 2, 1975 I received a letter from Mr. Schroeder indicating that he was amending the return date on his motion papers to July 14, 1975, a day on which this court regularly hears motions. A true copy of said letter is attached hereto, made a part hereof and marked Exhibit "D".

The letter, however, was not mailed until July 1, 1975, as can be noted from the postal mark on its envelope, a copy of which is annexed hereto and marked Exhibit "E".

6. Based upon the above, this motion is made pursuant to Federal Rule 12 to dismiss the defendants' petition by virtue of the fact that the District Court now lacks subject

matter jurisdiction to consider an application to reconsider its order dated June 17 and entered June 18, 1975.

7. Upon the filing of a notice of appeal to the Court of Appeals, the Federal District Court loses jurisdiction over the particular matter on appeal. 9 Moore; Federal Practice, Paragraph 203.11; Merritt-Chapman & Scott Corp. v. City of Seattle, 281 F. 2d 896 (9 Cir. 1960). Copies attached.

8. The defendants' notice of appeal was filed at a time when there was no motion pending before this Court for the reconsideration of its Decision and Order, by virtue of the fact that no notice of hearing had been served upon the parties as required by Federal Rules 5(a) and 6 (d). The defendants failure to serve a proper notice of hearing also raises the question as to whether the Court has jurisdiction to hear the motion on the further ground that a motion to alter or amend a judgment must be served not later than ten days after the entry of the judgment under Federal Rule 59(e). Hulson v. Atcheson T. & S. F. Ry Co., 289 F. 2d 726 (7th Cir. 1961), cert. den. 82 S. Ct. 61; Nugent v. Yellow Cab Company, 295 F. 2d 794 (7th Cir. 1961) cert. den. 82 S. Ct. 844.

9. An order to show cause is required to assure priority to the consideration of the instant motion to dismiss and to relieve the plaintiff from the burden of replying to the defendants' motion pending decision.

Kenneth A. Payment

Sworn to before me this
7th day of July, 1975.

Notary Public

CAROLYN G. SCHWEITZ, NOTARY PUBLIC
STATE OF N. Y., MONROE COUNTY
COMMISSION EXPIRES MARCH 30, 1976

Exhibit "A" Attached to Affidavit of Payment.

JOHN K. ADAMS, CLERK

OFFICE OF THE CLERK
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK
UNITED STATES COURTHOUSE
NIAGARA SQUARE
BUFFALO, N. Y. 14202

June 27, 1975

H. Kenneth Schroeder, Jr., Esq.
Hodgson, Russ, Andrews, Woods & Goodyear
1800 One M & T Plaza
Buffalo, New York 14203

Re: Stecher-Traung-Schmidt Corp. v.
M. A. Self, et al. - Civ-75-131

Dear Sir:

Reference is made to your notice of appeal which was filed on June 27, 1975. We are enclosing Forms C and D which must be filed with the Clerk of the Court of Appeals within ten days after filing the notice of appeal. These forms are self-explanatory and we are enclosing a sufficient number to enable you to make the required distribution.

Rule 10(a) of the Federal Rules of Appellate Procedure states that the original papers and exhibits filed in the district court, the transcript of proceedings, if any, and a certified copy of the docket entries prepared by the clerk of the district court shall constitute the record on appeal.

It is the practice for the clerk of the district court to assemble the original papers, together with exhibits which must be produced by the attorneys. Your attention is called to rule of the U.S. Court of Appeals for the Second Circuit relative to exhibits, a copy of which is attached.

The attorneys of record should meet with the clerk for the purpose of numbering the papers and the attorney taking the appeal is to prepare an index in triplicate of the papers constituting the record on appeal.

Very truly yours

JOHN K. ADAMS
Clerk

Exhibit "A"

cc: Kenneth A. Payment, Esq.
cc: Johnson, Reif & Mullan
(copy of notice of appeal and rule re exhibits attached)
P.S. This file is presently in our Rochester office. Please advise if you wish to prepare the record on appeal here at Buffalo so that we may have the file sent to this office.

Exhibit "A" Attached to Affidavit of Payment.

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

In the Matter of the

Amendment of the Rules of this Court.

Part II of the Rules of this Court is amended, effective January 1, 1971, by adding the following:

§ 11. **Exhibits**

(a) The district court may, by rule or order, direct that any or all exhibits need not be filed with the clerk upon their offer or receipt in evidence but may be retained in the custody of the attorney (or of a party not represented by an attorney) who produced them, unless an appeal is taken, in which event the following provisions of this rule shall apply.

(b) The parties are encouraged to agree with respect to which exhibits are "necessary for the determination of the appeal." See Rule 11(a). In the absence of agreement, the appellant shall, not later than 15 days after the filing of the notice of appeal, serve on the appellee a designation of the exhibits he considers to be necessary. If the appellee considers other exhibits to be necessary, he shall serve a cross-designation upon the appellant within 10 days after service of appellant's designation.

(c) Except as provided in paragraph (d), it shall be the duty of any attorney or party having possession of an exhibit designated pursuant to paragraph (b) of this rule, promptly to make such exhibit or a true copy thereof available at the office of the clerk of the district court. The clerk of the district court shall transmit all such exhibits to the clerk of the court of appeals as part of the record pursuant to Rule 11(b). Exhibits which have not been designated shall be retained by the clerk of the district court or, if the district court has authorized their retention by an attorney

or party pursuant to paragraph (a) of this rule, by such attorney or party, but shall be transmitted to the clerk of the court of appeals on the request of that court acting on the motion of any judge thereof or on the motion of a party showing good cause for failure to include any such exhibit in his designation.

(d) Documents of unusual bulk or weight and physical exhibits other than documents shall remain in the custody of the attorney or party who produced them. He shall permit inspection of them by any other party and shall be responsible for having them available at the argument in the court of appeals if they have been designated, and for their later production if subsequently requested by the court of appeals as provided in the last sentence of paragraph (c) of this rule.

(e) This rule does not relieve the parties of their obligation under Rule 30 to reproduce in an appendix to their briefs or in a separate volume, see Rule 30(e), exhibits (other than those described in paragraph (d) of this rule) to which they "wish to direct the particular attention of the court."

(f) The times specified in paragraph (b) of this rule may be extended by the district court as provided in and subject to the limitations of Rule 11(d).

Exhibit "A" Attached to Affidavit of Payment.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

ORIGINAL FILED

~~JUL 22 1975~~

JOHN K. ADAMS,
Clerk

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

Civil Action No.
75-131

NOTICE OF APPEAL

BEE CHEMICAL COMPANY,

Counterplaintiff

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

NOTICE IS HEREBY GIVEN that M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, defendants above named, pursuant to Title 28, §1292(a)(1) of the United States Code appeal to the United States Court of Appeals for the Second Circuit from the Order of the Honorable Harold P. Burke enjoining these defendants, their agents, associates and persons acting in concert with them from directly or indirectly voting in person or by proxy any share of the plaintiff, STECHER-TRAUNG-SCHMIDT CORPORATION, held of record or beneficially by these defendants with respect to the election of directors, or any plan of merger, consolidation or sale of assets and any other plan to change or acquire control of the plaintiff, from soliciting from any of the plaintiff's shareholders any proxy consents, authorization or support to vote the common stock of plaintiff, or from voting any proxy or authorization now held, with respect to the election of directors, any plans of mergers or consolidation or sale of assets, any

other plan to change or acquire control of the plaintiff, from entering into agreements with any other shareholder of the plaintiff to obtain control of the plaintiff, from purchasing, acquiring or otherwise aggregating any additional shares of the plaintiff, from using or obtaining for any purpose any list of plaintiff's shareholders, or disclosing information in any list now held by these defendants, from taking any other steps in furtherance of any plan to acquire control and to take over management of the plaintiff, which Order was entered in this action on the 17th day of June, 1975.

By this appeal, the defendants will ask the United States Court of Appeals to vacate the Order of June 17, 1975, dissolve in all respects the preliminary injunction en red against these defendants and grant whatever relief the Court of Appeals deems appropriate.

Respectfully submitted,

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By: _____
H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601

Attorneys for Defendants and Counterplaintiff

Exhibit "B" Attached to Affidavit of Payment.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

Civil Action No. 75-131

NOTICE OF PETITION

BEE CHEMICAL COMPANY,

Counterplaintiff

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

PLEASE TAKE NOTICE that the Petitioners, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, by their undersigned attorneys, will move this Court at a motion term thereof to be held at the United States Courthouse in the City of Rochester, New York on the 7th day of July, 1974 at 10:00 a.m. or as soon thereafter as counsel can be heard for rec nsideration of the Order of June 17, 1975 granting a preliminary injunction to the plaintiff against the defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, or, in the alternative, that the Court stay the preliminary injunction granted in said Order pending appeal therefrom.

Dated: Buffalo, New York
June 26, 1975

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By_____

H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

Exhibit "B"

Exhibit "B" Attached to Affidavit of Payment.

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601

Attorneys for Defendants and Counter-plaintiff

TO: KENNETH A. PAYMENT, ESQ.
HARTER, SECREST & EMERY
700 Midtown Tower
Rochester, New York 14604

BYRON JOHNSON, ESQ.
JOHNSON, REIF & MULLAN, P.C.
47 South Fitzhugh Street
Rochester, New York 14614

NORMAN S. JEAVONS, ESQ.
BAKER, HOSTETLER & PATTERSON
Union Commerce Building
Cleveland, Ohio 44115

Exhibit "B" Attached to Affidavit of Payment.

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

-v-

M. A. SELF, et al.,

Defendants

BEE CHEMICAL COMPANY,

Counterplaintiff

-v-

STECHER-TRAUNG-SCHMIDT CORPORATION,

Counterdefendant.

PETITION FOR RECONSIDERATION OF THE ORDER OF JUNE 17, 1975 GRANTING THE PLAINTIFF PRELIMINARY INJUNCTION AGAINST M. A. SELF, BEE CHEMICAL COMPANY, AND ARTHUR S. HECKER AND IN THE ALTERNATIVE AN APPLICATION FOR A STAY OF THE PRELIMINAR INJUNCTION PENDING AN APPEAL FROM THE ORDER OF JUNE 17, 1975

NOW, the defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, by and through their attorneys in this regard, Hodgson, Russ, Andrews, Woods & Goodyear and Baker & McKenzie, petition this Court to reconsider its entry of a preliminary injunction against these defendants as set forth in this Court's Order and Decision of June 17, 1975, and, upon reconsideration to dissolve said preliminary injunction and enter an Order denying the plaintiff, Stecher-Traung-Schmidt Corporation's request for preliminary injunction. In support thereof these defendants state as follows:

1. That the Court has misapprehended and misconstrued the facts as contained in the pleadings and affidavits filed herein.

2. That the Court has erred in concluding that there is a

likelihood that plaintiff will succeed in its action.

3. That the Court has erred in its conclusion that these defendants and the other defendants in this action constitute a group of the type intended to be covered by §13(d) of the Securities Exchange Act of 1934.

4. That the Court has erred in its conclusion that the plaintiff is likely to sustain irreparable damage.

5. That the pleadings and affidavits filed by the plaintiff in this cause fail to show any irreparable harm to plaintiff or any likelihood that plaintiff will sustain irreparable harm.

6. That this Court's opinion and Order are based upon a misinterpretation of §13(d) of the Securities Exchange Act of 1934 and the case law interpreting §13(d).

7. That on June 27, 1975, Bee Chemical Company filed with the Securities and Exchange Commission and sent to Stecher-Traung-Schmidt Corporation a schedule 13D, which schedule was filed under protest and solely as a result of this Court's erroneous conclusions contained in its opinion of June 17, 1975. A copy of said schedule is attached hereto as Exhibit A.

8. That this Court has not or may not have had an opportunity to consider the fairly recent United States Supreme Court decision in Rondeau v. Mosinee Paper Corporation, a copy of which decision is attached hereto and made a part hereof.

9. The plaintiff, Stecher-Traung-Schmidt Corporation, has relied to a substantial extent upon the Seventh Circuit Court of Appeals decision in Rondeau v. Mosinee Paper Corporation, which decision of the Seventh Circuit Court of Appeals has now been reversed by the Supreme Court of the United States in its decision of June 17, 1975.

WHEREFORE, these defendants, M. A. SELF, BEE CHEMICAL COMPANY and ARTHUR S. HECKER, respectfully pray as follows:

a. That this Court reconsider its Decision and Order of June 17, 1975 and, upon reconsideration, vacate said Order and enter an Order denying the plaintiff, Stecher-Traung-Schmidt Corporation's request for a preliminary injunction.

b. That in event this Court fails to reconsider its Decision and Order or refused to vacate said Order and deny the plaintiff's application for a preliminary injunction, this Court enter an Order staying the preliminary injunction entered against these defendants during the pendency of the appeal from this Court's Order and Decision of June 17, 1975 and stay all further proceedings in this Court during the pendency of the appeal.

Dated: Buffalo, New York
June 26, 1975

M. A. SELF, BEE CHEMICAL COMPANY and
ARTHUR S. HECKER, Petitioners, by:

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

By H. Kenneth Schroeder, Jr.
H. Kenneth Schroeder, Jr.
1800 One M & T Plaza
Buffalo, New York 14203

BAKER & McKENZIE
700 Prudential Plaza
Chicago, Illinois 60601
Attorneys for Defendants & Counterplaintiff

Exhibit "B" Attached to Affidavit of Payment.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13D

Statement filed pursuant to
Section 13(d)(1) of the Securities
Exchange Act of 1934.

Notices and Communications with respect to this Statement should be sent to:

Bee Chemical Company
2700 East 170th Street
Lansing, Illinois 60438

Attn: M.A. Self

EXHIBIT A

Exhibit "B" Attached to Affidavit of Payment.

This Statement is filed to provide the information called for by Section 13(d)(1) of the Securities Exchange Act of 1934 and Rule 13d-1 thereunder as a result of the decision rendered on June 17, 1975 in an action entitled Stecher-Traung-Schmidt Corporation vs. M.A. Self, et al. (United States District Court, Western District of New York, Civil Action No.75-131) that the reporting persons hereunder constituted part of a group of the type intended to be covered by said Section 13(d). By this Statement the reporting persons hereunder neither admit the applicability to them of said Section 13(d)(1) or Rule 13d-1 or intend that such an admission can be inferred herefrom, nor do they admit that they or any of them with any other person constitute a group for purposes of said Section 13. A petition for reconsideration of said Court's order and an appeal therefrom to the United States Court of Appeals for the Second Circuit have been filed on June 27, 1975.

Item 1. Security and Issuer

This Statement relates to the shares of Common Stock of Stecher-Traung-Schmidt Corporation ("STS"), 274 North Goodman Street, Rochester, New York.

Item 2. Identity and Background

This Statement is being filed by Bee Chemical Company, 2700 East 107th Street, Lansing, Illinois. Bee Chemical Company

is a manufacturer engaged in the field of coatings, inks, printing and coating of plastic film, including a process of making transfer labels, which includes all of the basic ingredients involved in the conventional printing process.

This Statement is also being filed by M.A. Self. Mr. Self is Chairman of the Board, President and the principal stockholder of Bee Chemical Company. He resides at 444 East 4th Street, Hinsdale, Illinois. Mr. Self has been President of Bee Chemical Company since 1947. Mr. Self received a B.S. degree in Chemical Engineering from the University of Kansas in 1943 and he is 53 years old. Prior to joining Bee Chemical Company, he worked four years for Sharples Chemicals, Inc. (now Pennwalt) in research and market development. Mr. Self has never been convicted or charged in a criminal proceeding.

This Statement is also being filed by Arthur S. Hecker. Mr. Hecker is Vice Chairman of the Board of Directors of Bee Chemical Company. He resides at 560 Woodside Avenue, Hinsdale, Illinois. Mr. Hecker has been Vice Chairman of the Board of Bee Chemical Company since April 1973. Mr. Hecker is 47 years old. Mr. Hecker attended University School in Cleveland, Ohio and Babson Institute of Business Administration in Wellesley, Massachusetts. Mr. Hecker was employed with A.W. Hecker Company, a manufacturer of aircraft sub-assemblies, for 22 years. He served as President of A.W. Hecker Company from 1958 until

1971. Mr. Hecker also was employed with Merrill, Lynch, Pierce, Fenner & Smith for one year. Mr. Hecker has never been convicted or charged in a criminal proceeding.

Item 3. Source and Amount of Funds or Other Consideration

The shares of Common Stock of STS presently held by Bee Chemical Company were purchased from available cash assets in the aggregate amount of $292,387.62.

Item 4. Purpose of Transaction

The purpose of the purchase by Bee Chemical Company to acquire an investment in STS. The reporting persons do not exercise control over STS. Although the purpose of the purchase of shares was not to acquire control, Bee Chemical Company from the period April 1974 through July 17, 1974 engaged in merger discussions with STS, which were terminated by STS on July 17, 1974. Since that date, as a stockholder of STS, Bee Chemical Company has expressed its concern to STS management over the poor return on equity of STS and in the direction STS was pursuing by making large capital investments in STS's custom printing operations. From the period March 27, 1975 through April 4, 1975, Bee Chemical Company engaged in further discussions with STS management for a cash acquisition of STS by Bee Chemical Company which resulted in a proposal by Bee Chemical Company to management of STS that Bee Chemical Company was prepared to make an offer to purchase all the shares of STS at 38.00 per

share, if, and only if, management of STS would cooperate with Bee Chemical Company. This proposal was also conditioned upon receiving at least 66-2/3% agreement of STS shareholders. In response to these discussions, management of STS instituted injuctive legal proceedings against Bee Chemical Company and the other reporting persons in the Federal District Court for the Western District of New York in the above referenced legal action.

Bee Chemical Company has sought representation on the Board of Directors of STS and has sought to acquire additional shares of STS in privately negotiated transactions.

Bee Chemical Company has no present plans to liquidate STS or sell its assets. Bee Chemical Company considers that a merger or combination of Bee Chemical Company and STS would be of benefit to both companies. Other than said merger, Bee Chemical Company considers that the emphasis of STS on its custom printing operations should be directed, in part, to more profitible lines. Bee Chemical Company continues to look favorably upon an acquisition of STS. It has no present plans, however, to acquire STS without the cooperation of STS management.

Item 5. Interest in Securities of the Issuer

Bee Chemical Company is the beneficial owner of 39,000 shares (representing no more than 4.85%) of Common Stock of STS which were purchased during the period September 11, 1973 to January 28, 1974. No other reporting person or any person who

is an officer or director of Bee Chemical Company or who is affiliated or associated with any reporting person owns any securities of STS. Bee Chemical Company has been informed that Roulston & Company, Inc. holds of record 25,200 shares of Common Stock of STS. Bee Chemical Company does not consider Roulston & Company, Inc. (or the beneficial owner of said shares, the identity of whom Bee Chemical Company is unaware) to be an "associate" of Bee Chemical Company as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934.

Since January 23, 1974 no transaction in any security of STS has been effected by Bee Chemical Company or any of its officers, directors or affiliated persons.

Item 6. Contracts, Arrangements, or Understandings with Respect to Securities of the Issuer

During the consideration by STS in 1974 of Bee Chemical Company's merger proposal, Roulston & Company, Inc. which had been engaged by Bee Chemical Company in connection with such proposed merger, requested that its representation be defined. By letters dated April 19, 1974 and May 2, 1974, Bee Chemical Company and Roulston & Company, Inc. indicated that Roulston & Company, Inc. was being retained to develop a merger or acquisition for Bee Chemical Company with another company, including among other possibilities, STS, for which Roulston & Company was to receive a retainer of $20,000 plus an additional amount of $60,000 should a merger between Bee Chemical Company and STS

take place. Bee Chemical Company did not request or instruct that Roulston & Company, Inc., or any of its customers, undertake any action to aggregate or pool STS Common Stock.

The Court in the above referenced legal action by STS has indicated that it is likely by such arrangement that Bee Chemical Company and Roulston & Company, Inc. constituted a group for purposes of Section 13(d) of the Securities Exchange Act of 1934 and has granted preliminary injunctive relief. Bee Chemical Company, of course, disagrees with this erroneous conclusion and has proceeded with a petition for reconsideration and an appeal from this ruling.

Item 7. Persons Retained, Employed or to be Compensated

Not Applicable.

Item 8. Material to be Filed as Exhibits

Not Applicable.

Exhibit "B" Attached to Affidavit of Payment.

SIGNATURE

I certify that to the best of my knowledge and belief the information set forth in this Statement is true, complete and correct.

June 27, 1975

BEE CHEMICAL COMPANY

By /s/ M.A. Self
M.A. Self

/s/ M.A. Self
M.A. Self

/s/ Arthur S. Hecker
Arthur S. Hecker

one. Because I think that the District Court's misconstruction of the statute prejudiced petitioner in this case and may continue to do mischief in future prosecutions brought under § 871, I would reverse on this ground rather than on the Solicitor General's confession of error.

RALPH W. PARNELL, Shreveport, Louisiana (DAVID B. CLINKENBEARD and NAFF, KENNEDY, GOODMAN, STEPHENS, DONOVAN & PARNELL, with him on the brief) for petitioner: ALLAN ABBOTT TUTTLE, Assistant to the Solicitor General (ROBERT H. BORK, Solicitor General, JOHN KEENEY, Acting Assistant Attorney General, A. RAYMOND RANDOLPH, JR., Deputy Solicitor General, WILLIAM L. PATTON, Assistant to the Solicitor General, and MARSHALL TAMOR GOLDING, Justice Dept. attorney, with him on the brief) for respondent.

No. 74-415

Francis A. Rondeau, Petitioner, v. Mosinee Paper Corporation. | On Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit.

[June 17, 1975]

Syllabus

Respondent corporation brought this action against petitioner to enjoin him from voting or pledging his stock in respondent and from acquiring additional shares, and requiring him to divest himself of the stock that he already owned. Respondent claimed that the failure of petitioner, who had acquired more than 5% of respondent's stock, to make timely disclosure as required by § 13 (d) of the Williams Act was a scheme to defraud respondent and its stockholders. Petitioner, who had filed the disclosure schedule about three months after the statutory filing time, contended that the Williams Act violation, which he readily conceded, resulted from his lack of familiarity with the securities laws, and that neither respondent nor its shareholders had been harmed. The District Court granted petitioner's motion for summary judgment, having found no material issues of fact regarding petitioner's lack of willfulness in failing to make a timely filing and no basis in the record for disputing petitioner's claim that he first considered the possibility of obtaining control of respondent sometime after he discovered his filing obligation. It concluded that respondent had suffered no cognizable harm from the late filing and that this was not an appropriate case in which to grant injunctive relief. The Court of Appeals reversed, concluding that respondent was harmed by having been delayed in its efforts to respond to petitioner's potential to obtain control of the company but that, in any event, respondent was not required to show irreparable harm as a prerequisite to obtaining permanent injunctive relief since as the securities' issuer, respondent was in the best position to assure that the Williams Act's filing requirements were being timely and fully complied with. *Held:* A showing of irreparable harm, in accordance with traditional principles of equity, is necessary before a private litigant can obtain injunctive relief based upon § 13 (d) of the Williams Act.

(a) The Court of Appeals erred in concluding that respondent suffered "harm" because of petitioner's technical default, since petitioner has not attempted to obtain control of respondent, has now made proper disclosure, and has given no indication that he will not report any material changes in his disclosure schedule.

(b) Persons who allegedly sold their stock to petitioner at unfairly depressed predisclosure prices have adequate remedies by an action for damages, and those who would not have invested, had they thought a takeover bid was imminent, are not threatened with injury.

(c) The District Court was entirely correct in insisting that respondent satisfy the traditional prerequisites of extraordinary equitable relief by establishing irreparable harm, and it concludes that petitioner acted in good faith and promptly filed a disclosure schedule when he became aware of his obligation to do so support the exercise of that Court's sound judicial discretion to deny the application for an injunction, relief that is historically "designed to deter, not to punish." *Hecht Co. v. Bowles*, 321 U. S. 321, 329.

(d) Respondent is not relieved of the burden of establishing those prerequisites simply because it is asserting a so-called implied private right of action under the Williams Act.

500 F. 2d 1011, reversed and remanded.

BURGER, C. J., delivered the opinion of the Court, in which STEWART, WHITE, BLACKMUN, POWELL, and REHNQUIST, JJ., joined. BRENNAN, J., filed a dissenting opinion, in which DOUGLAS, J., joined. MARSHALL, J., dissented.

MR. CHIEF JUSTICE BURGER delivered the opinion of the Court.

We granted certiorari in this case to determine whether a showing of irreparable harm is necessary for a private litigant to obtain injunctive relief in a suit under § 13 (d) of the Williams Act, 15 U. S. C. § 78m (d). The Court of Appeals held that it was not. We reverse.

I

Respondent Mosinee Paper Corporation is a Wisconsin company engaged in the manufacture and sale of paper, paper products, and plastics. Its principal place of business is located in Mosinee, Wisconsin, and its only class of equity security is common stock which is registered under § 12 of the Securities Exchange Act of 1934, 15 U. S. C. § 78*l*. At all times relevant to this litigation there were slightly more than 300,000 shares of such stock outstanding.

In April 1971 petitioner Francis A. Rondeau, a Mosinee businessman, began making large purchases of respondent's common stock in the over-the-counter market. Some of the purchases were in his own name; others were in the name of businesses and a foundation known to be controlled by him. By May 17, 1971, petitioner had acquired 40,413 shares of respondent's stock, which constituted more than 5% of those outstanding. He was therefore required to comply with the disclosure provisions of the Williams Act,[1] by filing a Schedule 13D

[1] The Williams Act, which amended the Securities Exchange Act of 1934, provides in relevant part:

. . . . . .

"(d)(1) Any person who, after acquiring directly or indirectly the beneficial ownership of any equity security of a class which is registered pursuant to Section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in Section 12 (g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940, is directly or indirectly the beneficial owner of more than 5 per centum of such class shall, within ten days after such acquisition, send to

with respondent and the Securities and Exchange Commission within 10 days. That form would have disclosed, among other things, the number of shares beneficially owned by petitioner, the source of the funds used to purchase them, and petitioner's purpose in making the purchases.

Petitioner did not file a Schedule 13D but continued to purchase substantial blocks of respondent's stock; by July 30, 1971, he had acquired more than 60,000 shares. On that date the chairman of respondent's board of directors informed him by letter that his activity had "given rise to numerous rumors" and "seems to have created some problems under the Federal Securities Laws . . . ." Upon receiving the letter petitioner immediately stopped placing orders for respondent's stock and consulted his attorney.[2] On August 25, 1971, he filed a Schedule 13D which, in addition to the other required disclosures, described the "Purpose of Transaction" as follows:

> "Francis A. Rondeau determined during early part of 1971 that the common stock of Issuer [respondent] was undervalued in the over-the-counter market and represented a good investment vehicle for future income and appreciation. Francis A. Rondeau and his associates presently propose to seek to acquire additional common stock of the Issuer in order to obtain effective control of the Issuer, but such investments as originally determined were and are not necessarily made with this objective in mind. Consideration is currently being given to making a public cash tender offer to the shareholders of the Issuer at a price which will reflect current quoted prices for such stock with some premium added."

Petitioner also stated that, in the event that he did obtain control of respondent, he would consider making changes in management "in an effort to provide a Board of Directors which is more representative of all of the shareholders, particularly those outside of present management . . . ." One month later petitioner amended the form to reflect more accurately the allocation of shares between himself and his companies.

On August 27 respondent sent a letter to its shareholders informing them of the disclosures in petitioner's Schedule 13D.[3] The letter stated that by his "tardy filing" petitioner had "withheld the information to which you [the shareholders] were entitled for more than two months, in violation of federal law." In addition, while agreeing that "recent market prices have not reflected the real value of your Mosinee stock," respondent's management could "see little in Mr. Rondeau's background that would qualify him to offer any meaningful guidance to a Company in the highly technical and competitive paper industry."

Six days later respondent initiated this suit in the United States District Court for the Western District of Wisconsin. Its complaint named petitioner, his companies, and two banks which had financed some of petitioner's purchases as defendants and alleged that they were engaged in a scheme to defraud respondent and its shareholders in violation of the securities laws. It alleged further that shareholders who had "sold shares without the information which defendants were required to disclose lacked information material to their decision to sell or hold," and that respondent "was unable to communicate such information to its shareholders, and to take such actions as their interest required." Respondent prayed for an injunction prohibiting petitioner and his codefendants from voting or pledging their stock and from acquiring additional shares, requiring them to divest themselves of stock which they already owned, and for damages. A motion for a preliminary injunction was filed with the complaint but later withdrawn.

---

the issuer of the security at its principal executive office, by registered or certified mail, send to each exchange where the security is traded, and file with the Commission, a statement containing such of the following information, and such additional information, as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors—

"(A) the background and identity of all persons by whom or on whose behalf the purchases have been or are to be effected;

"(B) the source and amount of the funds or other consideration used or to be used in making the purchases, and if any part of the purchase price or proposed purchase price is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading such security, a description of the transaction and the names of the parties thereto, except that where a source of funds is a loan made in the ordinary course of business by a bank, as defined in Section 3 (a)(6) of this title, if the person filing such statement so requests, the name of the bank, shall not be made available to the public;

"(C) if the purpose of the purchasers or prospective purchases is to acquire control of the business of the issuer of the securities, any plans or proposals which such persons may have to liquidate such issuer, to sell its assets to or merge it with any other persons, or to make any other major change in its business or corporate structure;

"(D) the number of shares of such security which are beneficially owned, and the number of shares concerning which there is a right to acquire, directly or indirectly, by (i) such person, and (ii) by each associate of such person, giving the name and address of each such associate; and

"(E) information as to any contracts arrangements or understandings with any person with respect to any securities of the issuer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or guaranties of profits, division of losses or profits, or the giving or withholding of proxies, naming the persons with whom such contracts, arrangements, or understandings have been entered into, and giving the details thereof." 82 Stat. 454, 456; 15 U. S. C. § 78m(d).

The Commission requires the purpose of the transaction to be disclosed in every Schedule 13D, regardless of an intention to acquire control and make major changes in its structure. See 17 CFR § 240, 13d-1, -101 (1974).

[2] Although some outstanding orders were filled after July 30, 1971, petitioner placed no new orders for respondent's stock after that date.

[3] Respondent simultaneously issued a press release containing the same information. Almost immediately the price of its stock jumped to $19–$21 per share. A few days later it dropped back to the prevailing price of $12.50–$14.00 per share, where it remained.

After three months of pretrial proceedings petitioner moved for summary judgment. He readily conceded that he had violated the Williams Act, but contended that the violation was due to a lack of familiarity with the securities laws and that neither respondent nor its shareholders had been harmed. The District Court agreed. It found no material issues of fact to exist regarding petitioner's lack of willfulness in failing to timely file a Schedule 13D, concluding that he discovered his obligation to do so on July 30, 1971,[4] and that there was no basis in the record for disputing his claim that he first considered the possibility of obtaining control of respondent some time after that date. The District Court therefore held that petitioner and his codefendants "did not engage in intentional covert, and conspiratorial conduct in failing to timely file the 13D Schedule."[5]

Similarly, although accepting respondent's contention that its management and shareholders suffered anxiety as a result of petitioner's activities and that this anxiety was exacerbated by his failure to disclose his intentions until August 1971, the District Court concluded that similar anxiety "could be expected to accompany any change in management," and was "a predictable consequence of shareholder democracy." It fell far short of the irreparable harm necessary to support an injunction and no other harm was revealed by the record; as amended, petitioner's Schedule 13D disclosed all of the information to which respondent was entitled, and he had not proceeded with a tender offer. Moreover, in the view of the District Court even if a showing of irreparable harm were not required in all cases under the securities laws, petitioner's lack of bad faith and the absence of damage to respondent made this "a particularly inappropriate occasion to fashion equitable relief . . . ." Thus, although petitioner had committed a technical violation of the Williams Act, the District Court held that respondent was entitled to no relief and entered summary judgment against it.[6]

The Court of Appeals reversed with one judge dissenting. The majority stated that it was "giving effect" to the District Court's findings regarding the circumstances of petitioner's violation of the Williams Act,[7] but concluded that those findings showed harm to respondent because "it was delayed in its efforts to make any necessary response to" petitioner's potential to take control of the company. In any event, the majority was of the view that respondent "need not show irreparable harm as a prerequisite to obtaining permanent injunctive relief in view of the fact that as issuer of the securities it is in the best position to assure that the filing requirements of the Williams Act are being timely and fully complied with and to obtain speedy and forceful remedial action when necessary." 500 F. 2d 1011, 1016–1017. The Court of Appeals remanded the case to the District Court with instructions that it enjoin petitioner and his codefendants from further violations of the Williams Act and from voting the shares purchased between the due date of the Schedule 13D and the date of its filing for a period of five years. It considered "such an injunctive decree appropriate to neutralize [petitioner's] violation of the Act and to deny him the benefit of his wrongdoing." 500 F. 2d, at 1017.

We granted certiorari to resolve an apparent conflict among the courts of appeals and because of the importance of the question presented to private actions under the Federal Securities Laws. We disagree with the Court of Appeals' conclusion that the traditional standards for extraordinary equitable relief do not apply in these circumstances, and reverse.

II

As in the District Court and the Court of Appeals, it is conceded here that petitioner's delay in filing the Schedule 13D constituted a violation of the Williams Act. The narrow issue before us is whether this record supports the grant of injunctive relief, a remedy whose basis "in the federal courts has always been irreparable harm and inadequacy of legal remedies." *Beacon Theatres, Inc.* v. *Westover*, 359 U. S. 500, 506–507 (1959).

The Court of Appeals' conclusion that respondent suffered "harm" sufficient to require sterilization of petitioner's stock need not long detain us. The purpose of the Williams Act is to insure that public shareholders who are confronted by a cash tender offer for their stock will not be required to respond without adequate information regarding the qualifications and intentions of the offering party.[8] By requiring disclosure of information

---

[4] The District Court pointed out that prior to December 10, 1970, a Schedule 13D was not required until a person's holdings exceeded 10% of a corporation's outstanding equity securities, see Pub. L. No. 91–567, 84 Stat. 1497, and credited petitioner's testimony that he believed the 10% requirement was still in effect at the time he made his purchases. Indeed, the chairman of respondent's board of directors was not familiar with the Williams Act's filing requirement until shortly before he sent the July 30, 1971 letter.

[5] The District Court also concluded that respondent's management was not unaware of petitioner's activities with respect to its stock. It found that by July 1971, there was considerable "street talk" among brokers, bankers, and businessmen regarding his purchases and that the chairman of respondent's board had been monitoring them.

[6] The District Court also dismissed respondent's claims that petitioner had violated other provisions of the Securities Laws. Review of these rulings was not sought in the Court of Appeals, and they are not now before us.

[7] The Court of Appeals also agreed with the District Court that the disclosures in petitioner's amended Schedule 13D were adequate.

[8] The Senate Report describes the dilemma facing such a shareholder as follows:

"He has many alternatives. He can tender all of his shares immediately and hope they all are purchased. However, if the offer is for less than all the outstanding shares, perhaps only a part of them will be taken. In these instances, he will remain a shareholder in the company, under a new management which he has helped to install without knowing whether it will be good or bad for the company.

"The shareholder, as another alternative, may wait to see if a better offer develops, but if he tenders late, he runs the risk that none of his shares will be taken. He may also sell his shares in the

to the target corporation as well as the Securities and Exchange Commission, Congress intended to do no more than give incumbent management an opportunity to express and explain its position. The Congress expressly disclaimed an intention to provide a weapon for management to discourage takeover bids or prevent large accumulations of stock which would create the potential for such attempts. Indeed the Act's draftsmen commented upon the "extreme care" which was taken "to avoid tipping the balance of regulation either in favor of management or in favor of the person making the takeover bid." S. Rep. No. 550, 90th Cong., 1st Sess., p. 3 (1967); H. R. Rep. No. 1711, 90th Cong., 2d Sess., p. 4 (1968). See also *Electronic Specialty Co.* v. *International Controls Corp.*, 409 F. 2d 937, 947 (CA2 1969).

The short of the matter is that none of the evils to which the Williams Act was directed has occurred or is threatened in this case. Petitioner has not attempted to obtain control of respondent, either by a cash tender offer or any other device. Moreover, he has now filed a proper Schedule 13D, and there has been no suggestion that he will fail to comply with the Act's requirement of reporting any material changes in the information contained therein.* 15 U. S. C. § 78m (d)(2); 17 CFR § 240.13d–2 (1974). On this record there is no likelihood that respondent's shareholders will be disadvantaged should petitioner make a tender offer, or that respondent will be unable to adequately place its case before them should a contest for control develop. Thus, the usual basis for injunctive relief, "that there exists some cognizable danger of recurrent violation," is not present here. *United States* v. *W. T. Grant Co.*, 345 U. S. 629, 633 (1953). See also *Vicksburg Waterworks Co.* v. *Vicksburg*, 185 U. S. 65, 82 (1902).

Nor are we impressed by respondent's argument that an injunction is necessary to protect the interests of its shareholders who either sold their stock to petitioner at predisclosure prices or would not have invested had they known that a takeover bid was imminent. Brief for Respondent, at 13, 20–21. As observed, the principal object of the Williams Act is to solve the dilemma of shareholders desiring to respond to a cash tender offer, and it is not at all clear that the type of "harm" identified by respondent is redressable under its provisions. In any event, those persons who allegedly sold at an unfairly depressed price have an adequate remedy by way of an action for damages, thus negating the basis for equitable relief.[10] See *Youngstown Sheet & Tube Co.* v. *Sawyer*, 343 U. S. 579, 595 (1952) (opinion of Frankfurter, J.). Similarly, the fact that the second group of shareholders for whom respondent expresses concern have retained the benefits of their stock and the lack of an imminent contest for control make the possibility of damage to them remote at best. See *Truly* v. *Wanzer*, 5 How. 141, 142–143 (1847).

We turn, therefore, to the Court of Appeals' conclusion that respondent's claim was not to be judged according to traditional equitable principles, and that the bare fact that petitioner violated the Williams Act justified entry of an injunction against him. This position would seem to be foreclosed by *Hecht Co.* v. *Bowles*, 321 U. S. 321 (1944). There, the administrator of the Emergency Price Control Act of 1942 brought suit to redress violations of that statute. The fact of the violations was admitted, but the District Court declined to enter an injunction because they were inadvertent and the defendant had taken immediate steps to rectify them. This Court held that such an exercise of equitable discretion was proper despite § 205 (a) of the Act, which provided that an injunction or other order "shall be granted" upon a showing of violation, observing:

> "We are dealing with the requirements of equity practice with a background of several hundred years of history. . . . *The historic injunctive process was designed to deter, not to punish.* The essence of equity jurisdiction has been the power of the Chancellor to do equity and to mould each decree to the necessities of the particular case. Flexibility rather than rigidity has distinguished it. The qualities of mercy and practicality have made equity the instrument for nice adjustment and reconciliation between the public interest and private needs as well as between competing private claims. We do not believe that such a major departure from that long tradition as is here proposed should be lightly implied." 321 U. S., at 329–330. (Emphasis added).

This reasoning applies *a fortiori* to actions involving only "competing private claims," and suggests that the District Court here was entirely correct in insisting that respondent satisfy the traditional prerequisites of extraordinary equitable relief by establishing irreparable harm. Moreover, the District Judge's conclusions that petitioner acted in good faith and that he promptly filed a Schedule 13D when his attention was called to this obligation[11] support the exercise of its sound judicial dis-

---

market and hope for the best. Without knowledge of who the bidder is and what he plans to do, the shareholder cannot reach an informed decision." S. Rep. No. 550, 90th Cong., 1st Sess., p. 2 (1967).

However, the Report also recognized "that takeover bids should not be discouraged because they serve a useful purpose in providing a check on entrenched but inefficient management. *Id.*, at 3.

* Because this case involves only the availability of injunctive relief to remedy a § 13 (d) violation following compliance with the reporting requirements, it does not require us to decide whether or under what circumstances a corporation could obtain a decree enjoining a shareholder who is currently in violation of § 13 (d) from acquiring further shares, exercising voting rights, or launching a takeover bid, pending compliance with the reporting requirements.

[10] The Court was advised by respondent that such a suit is now pending in the District Court and class action certification has been sought. Although we intimate no views regarding the merits of that case, it provides a potential sanction for petitioner's violation of the Williams Act which is not insignificant.

[11] In its brief on the merits respondent argues that "genuine issues of material fact exist as to the knowledge, motives, purposes and plans in [petitioner's] rapid acquisition of" its stock and that, at the very least, the case should be remanded for trial on these issues.

cretion to deny an application for an injunction, relief which is historically "designed to deter, not to punish" and to permit the court "to mould each decree to the necessities of the particular case." 321 U. S., at 329. As MR. JUSTICE DOUGLAS aptly pointed out in *Hecht Co.*, the "grant of *jurisdiction* to issue compliance orders hardly suggests an absolute duty to do so under any and all circumstances." *Ibid.* (emphasis by Court).

Respondent urges, however, that the "public interest" must be taken into account in considering its claim for relief and relies upon the Court of Appeals' conclusion that it is entitled to an injunction because it "is in the best position" to insure that the Williams Act is complied with by purchasers of its stock. This argument misconceives, we think, the nature of the litigation. Although neither the availability of a private suit under the Williams Act nor respondent's standing to bring it has been questioned here, this cause of action is not expressly authorized by the statute or its legislative history. Rather, respondent is asserting a so-called implied private right of action established by cases such as *J. I. Case Co.* v. *Borak*, 377 U. S. 426 (1964). Of course, we have not hesitated to recognize the power of federal courts to fashion private remedies for securities laws violations when to do so is consistent with the legislative scheme and necessary for the protection of investors as a supplement to enforcement by the Securities and Exchange Commission. Compare *J. I. Case Co.* v. *Borak*, *supra*, with *Securities Investor Protection Corp.* v. *Barbour*, — U. S. — (1975). However, it by no means follows that the plaintiff in such an action is relieved of the burden of establishing the traditional prerequisites of relief. Indeed, our cases hold the opposite the contrary is true.

In *Deckert* v. *Independence Shares Corp.*, 311 U. S. 282 (1940), this Court was called upon to decide whether the Securities Act of 1933 authorized purchasers of securities to bring an action to rescind an allegedly fraudulent sale. The question was answered affirmatively on the basis of the statute's grant of federal jurisdiction to "enforce any liability or duty" created by it. The Court's reasoning is instructive:

> "The power to *enforce* implies the power to make effective the right of recovery afforded by the Act. And the power to make the right of recovery effective implies the power to utilize any of the procedures or actions normally available to the litigant according to the exigencies of the particular case. If petitioners' bill states a cause of action when tested by the customary rules governing suits of such character, the Securities Act authorizes maintenance of the suit . . . ." 311 U. S., at 288.

In other words, the conclusion that a private litigant could maintain an action for violation of the 1933 Act meant no more than that traditional remedies were available to redress any harm which he may have suffered; it provided no basis for dispensing with the showing required to obtain relief. Significantly, this passage was relied upon in *Borak* with respect to actions under the Securities Exchange Act of 1934. See 377 U. S., at 433–434.

Any remaining uncertainty regarding the nature of relief available to a person asserting an implied private right of action under the Securities Laws was resolved in *Mills* v. *Electric Auto-Lite Co.*, 396 U. S. 375 (1970). There we held that complaining shareholders had proven their case under § 14 (a) of the 1934 Act by showing that misleading statements in a proxy solicitation were material and that the solicitation itself "was an essential link in the accomplishment of" a merger. We concluded that any stricter standard would frustrate private enforcement of the proxy rules, but Mr. Justice Harlan took pains to point out that:

> "Our conclusion that petitioners have established their case by showing that proxies necessary to approval of the merger were obtained by means of a materially misleading solicitation implies nothing about the form of relief to which they may be entitled. . . . In devising retrospective relief for violation of the proxy rules, the federal courts should consider the same factors that would govern the relief granted for any similar illegality or fraud . . . . In selecting a remedy the lower courts should exercise 'the sound discretion which guides the determinations of courts of equity,' keeping in mind the role of equity as 'the instrument for nice adjustment and reconciliation between the public interest and private needs as well as between competing private claims.'" 396 U. S., at 386, quoting *Hecht Co.* v. *Bowles*, 321 U. S., at 329.

Considering further the remedies which might be ordered, we observed that "the merger should be set aside only if a court of equity concludes, from all the circumstances, that it would be equitable to do so," and that "damages should be recoverable only to the extent that they can be shown." 396 U. S., at 388, 389.

Mills could not be plainer in holding that the questions of liability and relief are separate in private actions under the Securities Laws, and that the latter is to be determined according to traditional principles. Thus, the fact that respondent is pursuing a cause of action which has been generally recognized to serve the public interest provides no basis for concluding that it is relieved of showing irreparable harm and other usual prerequisites for injunctive relief. Accordingly, the judgment of the Court of Appeals is reversed and the case is remanded

---

This point was not raised in the petition for certiorari or respondent's opposition thereto, nor was it made the subject of a cross-petition. Because it would alter the judgment of the Court of Appeals, which like that of the District Court had effectively put an end to the litigation, rather than providing an alternative ground for affirming it, we will not consider the argument when raised in this manner. See *Mills* v. *Electric Auto-Lite Co.*, 396 U. S. 375, 381 n. 4 (1970); *Morley Constr. Co.* v. *Maryland Cas. Co.*, 300 U. S. 185, 191–192 (1937). Cf. *Wiener* v. *United States*, 357 U. S. 349, 351 n. * (1958).

to it with directions to reinstate the judgment of the District Court.

So ordered.

MR. JUSTICE MARSHALL dissents.

MR. JUSTICE BRENNAN, with whom MR. JUSTICE DOUGLAS joins, dissenting.

I dissent. Judge Pell, dissenting below, correctly in my view, read the decision of the Court of Appeals to construe the Williams Act, as I also construe it, to authorize injunctive relief upon the application of the management interests "irrespective of motivation, irrespective of irreparable harm to the corporation, and irrespective of whether the purchases were detrimental to investors in the company's stock. The violation timewise is . . . all that is needed to trigger this result." 500 F. 2d, at 1018. In other words, the Williams Act is a prophylactic measure conceived by Congress as necessary to effect the congressional objective "that investors and management be notified at the earliest possible moment of the potential for a shift in corporate control." 500 F. 2d, at 1016. The violation itself establishes the actionable harm and no showing of other harm is necessary to secure injunctive relief. Today's holding completely undermines the congressional purpose to preclude inquiry into the results of the violation.

DAVID E. BECKWITH, Milwaukee, Wis. (MAURICE J. McSWEENEY, LYMAN A. PRECOURT and RICHARD E. PORTER, with him on the brief) for petitioner; LAURENCE C. HAMMOND, JR., Milwaukee, Wis. (JAMES A. URDAN, W. STUART PARSONS, BRUCE C. DAVIDSON and DARRYL S. BELL, with him on the brief) for respondent.

No. 73-1908

Stewart S. Cort et al., Petitioners, v. Richard A. Ash, etc. | On Writ of Certiorari to the United States Court of Appeals for the Third Circuit.

[June 17, 1975]

Syllabus

Respondent stockholder brought this action seeking damages in favor of petitioner Bethlehem Steel Corp., a Delaware corporation, and injunctive relief because of advertisements in connection with the 1972 Presidential election that petitioner corporate directors had authorized from general corporate funds in alleged violation of 18 U. S. C. § 610, which prohibits corporations from making contributions or expenditures in connection with specified federal elections. Respondent alleged jurisdiction under 28 U. S. C. § 1331 and sought to state a private claim for relief under 18 U. S. C. § 610, and also invoked pendent jurisdiction for an *ultra vires* claim under Delaware law. The District Court's denial of a preliminary injunction was upheld on appeal, following which respondent dropped the pendent claim rather than post security for expenses under state law before proceeding with that claim. The District Court then granted petitioners' motion for summary judgment. The Court of Appeals reversed, holding that the passage of the election had not mooted the case since damages were sought and that "a private cause of action, whether brought by a citizen to secure injunctive relief or by a stockholder to secure injunctive or derivative damage relief . . . [is] . . . proper to remedy violation of § 610." After the Court of Appeals decision Congress enacted the Federal Election Campaign Act Amendments of 1974 (hereinafter the Amendments), under which, *inter alia*, the Federal Election Commission can receive citizen complaints of statutory violations and where warranted request the Attorney General to seek injunctive action. *Held:*

1. The Amendments constitute an intervening law that relegates to the Commission's cognizance respondent's complaint as citizen or stockholder for injunctive relief against any alleged violations of § 610 in future elections, since this Court must examine this case according to the law existing at the time of its decision. *United States* v. *Schooner Peggy*, 1 Cranch 103, 110; *Bradley* v. *Richmond School Board*, 416 U. S. 696, 711.

2. Respondent stockholder's derivative suit with regard to the alleged 1972 violation cannot be implied under 18 U. S. C. § 610, and respondent's remedy, if any, must be under Delaware's corporation law.

(a) Section 610 was primarily concerned, not with the internal relations between corporations and stockholders, but with corporations as a source of aggregated wealth and therefore of potential corrupting influence; thus this statute differs from other criminal statutes in which private causes of action have been inferred because of a clearly articulated federal right in the plaintiff, *e. g.*, *Bivens* v. *Six Unknown Federal Narcotics Agents*, 402 U. S. 388, or a pervasive legislative scheme governing the relationship between the plaintiff class and the defendant class in a particular regard, *e. g.*, *J. I. Case Co.* v. *Borak*, 377 U. S. 426.

(b) The legislative history of § 610 suggests no congressional intention to vest in corporate shareholders a federal right to damages for a violation of the statute.

(c) A private remedy would not further the statutory purpose of dulling corporate influence on federal elections since any compelled repayment to the corporation might well not deter the initial violation.

(d) The cause of action is one traditionally relegated to state law in an area of primarily state concern. In addition to the *ultra vires* claim urged by respondent the alleged misuse of corporate funds might, under the law of some States, give rise to a cause of action for breach of a fiduciary duty.

496 F. 2d 416, reversed.

BRENNAN, J., delivered the opinion for a unanimous Court.

MR. JUSTICE BRENNAN delivered the opinion of the Court.

There are other questions, but the principal issue presented for decision is whether a private cause of action for damages against corporate directors is to be implied in favor of a corporate stockholder under 18 U. S. C. § 610, a criminal statute prohibiting corporations from making "a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors . . . are to be voted for."[1] We con-

[1] Title 18 U. S. C. § 610 provided as follows when this suit was filed:

"Contributions or expenditures by national banks, corporations or labor organizations.

"It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office,

Exhibit "C" Attached to Affidavit of Payment.

HARTER, SECREST & EMERY
700 MIDTOWN TOWER ROCHESTER, NEW YORK 14604

June 30, 1975

H. Kenneth Schroeder, Jr., Esq.
Hodgson, Russ, Andrews, Woods & Goodyear
Suite 1800
One M & T Plaza
Buffalo, New York 14203

Re: Stecher-Traung-Schmidt Corporation
v. Bee Chemical Company, et al.

COPY

Dear Ken:

I have your letter of June 27, 1975 with enclosure, together with a handwritten letter from John Cooney dated June 27, 1975 and a typewritten letter from him dated June 26, 1975, all concerning your "Petition for Reconsideration". I note that you have provided a return date in your "Notice of Petition" on July 7, 1975.

As I told John Cooney in our telephone conference on June 26, 1975, I could not agree to expedite the return date without having seen your "Petition". Further, I indicated that it was doubtful that I could agree to an expedited return date but that he should at least send me the papers. I also indicated to him that the District Court has regular published motion days which I understood to be either the first and third Mondays or the second and fourth Mondays of each month. Since that conversation I have ascertained that Judge Bruke's published motion days are the second and fourth Mondays of each month.

Accordingly, if you wish to bring a motion, Federal Rule 79 indicates it should be returned on a regular motion day. Under the present circumstances I take the position that no motion is pending by virtue of your failure to serve proper motion papers withaa proper return date.

Very truly yours,

KAP/sd

Kenneth A. Payment

cc: John J. Cooney, Esq.

Exhibit "C"

Exhibit "D" Attached to Affidavit of Payment.

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR
ATTORNEYS AT LAW
1800 ONE M & T PLAZA
BUFFALO, N.Y. 14203
716-856-4000

HOMER H. WOODS
JOHN E. DICKINSON
ARNOLD T. OLENA
GROVER R. JAMES, JR.
GORDON A. MacLEOD
DOUGLAS W. KUHN
CLARENCE OBLETZ*
CHARLES J. HAHN*
GEORGE W. MYERS, JR.
ROBERT H. MILTENBERGER, II
H. KENNETH SCHROEDER, JR.
JOHN C. BARBER, JR.
ANTHONY L. DUTTON
STEPHEN KELLOGG*
DAVID E. HALL
RICHARD A. GOETZ
DAVID E. MANCH
ROBERT W. KELLER
LAURENCE R. GOODYEAR
EDWIN O. TILTON
DONALD C. LUBICK*
VICTOR T. FUZAK
RICHARD E. HEATH*
RALPH W. LARSON
HUGH McM. RUSS, JR.
STEPHEN H. KELLY
JAMES A. PORTER
WILLIAM H. GARDNER
JOHN J. COONEY
ROBERT M. WALKER
JAMES H. WADSWORTH
DAVID A. GARBUS
WILLIAM A. DePONCEAU
STEPHEN M. NEWMAN
ROBERT B. CONKLIN
*ADMITTED IN FLORIDA AS WELL AS NEW YORK

FLORIDA OFFICE
4000 NORTH STATE ROAD 7
FT. LAUDERDALE, FLA. 33319
305-484-2138

June 30, 1975

Kenneth A. Payment, Esq.
Harter, Secrest & Emery
700 Midtown Tower
Rochester, New York 14604

Dear Mr. Payment:

Re: Stecher-Traung-Schmidt Corp.
v. Bee Chemical Co., et al.

The District Court Clerk advised me that Judge Burke hears motions on the second and fourth Mondays of each month. Therefore, please consider the return date in the motion papers as amended to read July 14 instead of July 7.

Very truly yours,

H. Kenneth Schroeder, Jr.

H. Kenneth Schroeder, Jr.

HKS:clz
Copies to: Bryon Johnson, Esq.
Norman S. Jeavons, Esq.
Robert Gareis, Esq.

Exhibit "D"

HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR
1800 ONE M & T PLAZA
BUFFALO, N.Y. 14203

Kenneth A. Payment, Esq.
Harter, Secrest & Emery
700 Midtown Tower
Rochester, New York 14604

Exhibit "E"

Exhibit "E" Attached to Affidavit of Payment.

Exhibit "E" Attached to Affidavit of Payment.

¶ 203.11. The Effect Upon the Jurisdiction of the District Court of the Filing of a Notice of Appeal.

The filing of a timely and sufficient notice of appeal has the effect of immediately transferring jurisdiction from the district court to the court of appeals with respect to any matters involved in the appeal. It divests the district court of authority to proceed further with respect to such matters,[1] except in aid of the appeal,[2] or to correct clerical

expressly disapproving the contrary result reached in Mondakota Gas Co. v. Montana-Dakota Util. Co. (CA9th, 1952) 194 F2d 705, 16 FR Serv 73a.11, Case 1.

See also Powers v. Citizens Union Bank & Trust Co. (CA6th, 1961) 329 F2d 507, 8 FR Serv2d 73a.23, Case 1 (acknowledging the propriety of the clerk's refusal to mark the notice as filed until receipt of the fee, the court held that failure to pay the fee within the appeal period did not impair the validity of the appeal where the notice was timely tendered to the clerk); Parks v. B. F. Leaman & Sons (CA5th, 1960) 279 F2d 529.

[1] Walleck v. Hudspeth (CCA10th, 1942) 128 F2d 343, 6 FR Serv 73a.21, Case 1; Maloney v. Spencer (CA9th, 1948) 170 F2d 231, 11 FR Serv 73a.16, Case 1; Janousek v. Doyle (CA8th, 1963) 313 F2d 916, 6 FR Serv2d 73a.42, Case 1, citing Treatise; Bush v. United Benefit Fire Ins. Co. (CA5th, 1963) 311 F2d 893, 6 FR Serv2d 54b.4, Case 8; Sykes v. United States (CA5th, 1968) 392 F2d 735, 12 FR Serv2d 73a.42, Case 1.

[2] The filing of a notice of appeal does not, of course, divest the district court of jurisdiction to act under Appellate Rules 7 and 8 in reference to the bond on appeal or supersedeas bond, or for an order suspending, modifying, restoring or granting an injunction during the pendency of an appeal. Those rules expressly allow the district court to act in aid of the appeal. Nor does the filing of a notice of appeal deprive the district court of power to grant an extension of time for transmitting the record on appeal or to make any other order authorized by Appellate Rules 10 and 11. Again, those rules, which expressly authorize district court action that normally can be taken only during the pendency of an appeal, modify the usual rule that the district court loses power to act after a notice of appeal is filed.

In general, the district court should have full authority to take any steps during the pendency of the appeal that will assist the court of appeals in the determination of the appeal. Restrictions on the power of the district court that are grounded in nothing more than the technical conception that jurisdiction "passes" from it upon the filing of the notice of appeal are impractical and unwise. Contra, Tatum in Philadelphia Marine Trade Ass'n v. International Longshoremen's Ass'n (CA3d, 1966) 365 F2d 295, rev'd on other grounds (1967) 389 US 64, 88 S Ct 201, 19 L Ed 236, to the effect that the filing of a notice of appeal on the day judgment was entered and before the trial court

Exhibit "E" Attached to Affidavit of Payment.

mistakes under Rule 60(a) of the Federal Rules of Civil Procedure or Rule 36 of the Federal Rules of Criminal Procedure,[3] or in aid of execution of a judgement that has not been superseded,[4] until the district court receives the mandate of the court of appeals.[5] Thus after a notice of appeal is timely filed, the district court has no power to vacate the judgment,[6] or to grant the appellant's motion to dismiss the

entered findings of fact and conclusions of law precluded the court from entering such findings is an example of a technical application of the general rule which serves no useful purpose.

[3] See ¶ 60.08, *supra*.

[4] Sirloin Room Inc. v. American Employers Ins. Co. (CA5th, 1966) 360 F2d 160, 10 FR Serv2d 73d.11, Case 1.

[5] Fiske v. Wallace (CCA5th, 1940) 113 F2d 1003, 4 FR Serv 52b.11, Case 1, cert denied (1941) 314 US 652, 62 S Ct 103, 86 L ed 531; Rogers v. Consolidated Rock Prod. Co. (CCA 8th, 1940) 114 F2d 108; Thompson v. Harry C. Erb, Inc. (CA3d, 1957) 244 F2d 452, 23 FR Serv 73a.42, Case 1, citing Treatise; Merritt-Chapman & Scott Corp. v. City of Seattle (CA9th, 1960) 281 F2d 896, 5 FR Serv2d 12b.351, Case 1, citing Treatise; Dush v. United Benefit Ins. Co., n 1, *supra*.

[6] Miller v. United States (CCA7th, 1940) 114 F2d 267, 3 FR Serv 59a.62, Case 1, cert denied (1941) 313 US 561, 61 S Ct 1114, 85 L ed 1545; Houghby v. Sinclair Oil & Gas Co. (10th, 1951) 188 F2d 902, 15 FR Serv 73a.42, Case 3 (Judge Murrah stating "The filing of notice of appeal and the cost bond on the same date divested the court of jurisdiction to set aside the judgment at a later date."); Edmond v. Moore-McCormack Lines (CA2d, 1958) 253 F2d 143, 25 FR Serv 41b.11, Case 7.

In the cases cited, the motion to vacate was filed *after* the filing of the notice of appeal. A timely motion to vacate under Rule 59(e), filed before the filing of the notice of appeal, if pending at the time the notice was filed, would have rendered the notice untimely, *i.e.*, premature, and in that event the district court would not have lost power to rule on the motion. See n 14 *infra*, and text accompanying.

And it has been held that one party may not file a notice of appeal immediately upon entry of judgment and thereby prevent his adversary from seeking appropriate post-judgment relief in the district court. Elgen Mfg. Corp. v. Ventfabrics, Inc. (CA7th, 1963) 314 F2d 440, 7 FR Serv2d 73a.42, Case 2 (right to move to amend findings under Rule 52(b) cannot be cut off by quick filing of notice of appeal by opponent). The court does not indicate the procedure to be followed in such a case by the party who desires to present a post-judgment motion. Clearly, the motion must be timely filed, within ten days after entry of judgment. Thereafter, if the district court indicates willingness to grant the motion, the party should be entitled to have the case remanded for that pur-

action without prejudice,[7] or to allow the filing of amended [8] or supplemental [9] pleadings. And the district court is without jurisdiction to grant a motion for relief from the judgment under Rule 60(b) [10] even if filed prior to the filing of the notice of appeal,[11] unless the case is remanded by the court of appeals.[12]

The rule that the taking of an appeal divests the district court of jurisdiction would seem to presuppose the taking of a valid appeal from an appealable order,[13] but the cases are not in harmony. On the one hand, it seems firmly settled that an appeal that is premature because taken while a timely motion under Rules 50(b), 52(b) or 59 of the Federal Rules of Civil Procedure is pending does not divest the district court of jurisdiction.[14] But two of the courts that so hold take

pose. By analogy with its power to deny (though not to grant) a motion under Rule 60(b) while an appeal is pending (see n 10, *infra*, and text accompanying), presumably the district court may deny a motion for post-judgment relief made after an appeal is taken without remand of the case.

[7] In re Chin Ben Shim (D Mass 1941) 2 FRD 50, 4 FR Serv 73a.42, Case 1.

[8] Brasier v. United States (CA 10th, 1955) 229 F2d 176, 22 FR Serv 73a.42, Case 1; Grand Opera Co. v. Twentieth Century Fox Film Corp. (CA7th, 1956) 235 F2d 303, 23 FR Serv 12b.34, Case 1; Thompson v. Harry C. Erb, Inc., n 5, *supra*.

[9] Walker v. Felmont Oil Corp. (CA6th, 1958) 262 F2d 163, 1 FR Serv2d 15d.21, Case 1.

[10] Smith v. Pollin (CA DC 1952) 194 F2d 349, 16 FR Serv 73a.42, Case 3; Ferrell v. Trailmobile Inc. (CA5th, 1955) 223 F2d 697; Ryan v. U.S. Lines Co. (CA2d, 1962) 303 F2d 430; Weiss v. Hunna (CA2d, 1963) 312 F2d 711, 6 FR Serv2d 60b.34, Case 1.

But the district court has power to *deny* a motion under Rule 60 while an appeal is pending. See *Smith*, *Ferrell*, and *Ryan*, *supra*.

[11] Switzer v. Marzall (D DC 1951) 95 F Supp 721, 15 FR Serv 73a.4, Case 2.

[12] When an appellant wishes to make a motion for relief under Rule 60(b) while his appeal is still pending, the proper procedure is for him to file the motion in the district court; if that court indicates that it would grant the motion, the appellant should then make a motion in the appellate court for a remand of the case with order that the district court may grant the motion. See cases cited in n 10, *supra*.

[13] Euziere v. United States (CA 10th, 1959) 266 F2d 88, vacated on other grounds (1960) 364 US 76, 80 S Ct 1615; 4 L ed2d 1720.

[14] United States v. Crescent Amusement Co. (1944) 323 US 173, 65 S Ct 254, 89 L ed 160. ("An appeal can hardly be premature (and therefore a nullity) here and yet not premature (and therefore binding) below." 323 US at 177-178.) Here

Exhibit "E" Attached to Affidavit of Payment.

the seemingly inconsistent view that an appeal that is manifestly invalid because taken from an order that disposed of fewer than all claims and that did not contain the certificate required by Rule 54(b) of the Federal Rules of Civil Procedure [15] nevertheless divests the district court of further power over the order.[16] Until recently the prevailing uncertainty was highlighted by decisions of different panels of the Ninth Circuit holding that an appeal from a patently non-appealable order did [17] and did not [18] divest the district court of authority

Pennsylvania R.R. (CA3d, 1950) 181 F2d 934, 14 FR Serv 50b.252, Case 1; Turner v. HMH Publishing Co. (CA5th, 1964) 328 F2d 136, 8 FR Serv2d 73a.62, Case 1; Hawkins v. Lindsley (CA2d, 1964) 327 F2d 126, 8 FR Serv2d 73a.42, Case 1; Sykes v. United States (CA8th, 1968) 392 F2d 735, 12 FR Serv2d 73a.42, Case 1.

Contra: United States v. Frank B. Killian Co. (CA6th, 1959) 269 F2d 491, 2 FR Serv2d 73a.42, Case 1 (semble); Keohane v. Swarco, Inc. (CA6th, 1963) 320 F2d 439, 7 FR Serv2d 73a.62, Case 2; Suburban Trust Co. v. National Bank (D NJ 1963) 223 F Supp 250, 7 FR Serv2d 73a.42, Case 1, all of which appear to overlook the holding in United States v. Crescent Amusement Co., *supra*.

[15] See ¶54.41[2], *supra*.

[16] District 65, Distributive, Processing & Office Workers Union v. McKague (CA3d, 1954) 216 F2d 153, 50 FR Serv 54b.4, Case 2; Bush v. United Benefit Fire Ins. Co. (CA5th, 1963) 311 F2d 893, 6 FR Serv2d 54b.4, Case 8.

The same result was reached in Williams v. Bernhardt Bros. Tugboat Serv., Inc. (CA7th, 1966) 357 F2d 983. The result seems as questionable in practice as it is unsound in theory, as *Williams, supra*, illustrates. There, immediately after the appellee moved for dismissal of the appeal, the appellant sought and secured from the district court a nunc pro tunc certification that the order was final and that there was no just reason for delay. The court of appeals, which had postponed action on the motion to dismiss until hearing of the merits, held, apparently after hearing the entire argument of the merits, that the district court had no power to make the certification because the filing of the abortive notice of appeal had deprived it of jurisdiction. It therefore dismissed the appeal, noting that the district court could on remand take such action with respect to certification as it deemed proper. All that is necessary to prevent the waste of energy and expense involved in these cases is to hold what seems too plain for argument: that an attempted appeal from an order clearly non-appealable is a nullity and that the district court is free to act as if, as is the fact, no appeal is pending.

[17] Merritt-Chapman & Scott Corp. v. City of Seattle (CA9th, 1960) 281 F2d 896, 3 FR Serv2d 12b.351, Case 1.

[18] Resnik v. La Paz Guest Ranch (CA9th, 1961) 289 F2d 814, 4 FR Serv2d 60b.27, Case 1.

Exhibit "E" Attached to Affidavit of Payment.

to proceed further. Sitting in banc the Ninth Circuit resolved the conflict in these terms:

> "Where the deficiency in a notice of appeal, by reason of untimeliness, lack of essential recitals, or reference to a non-appealable order, is clear to the district court, it may disregard the purported notice of appeal and proceed with the case, knowing that it has not been deprived of jurisdiction. If the district court is in doubt as to whether the notice of appeal is inoperative by reason of some such defect, it may decline to act further until the purported appellee obtains dismissal of the appeal in the court of appeals. In the rare instance where the district court proceeds with a case under the mistaken belief that a notice of appeal is inoperative, the appellant may apply to the court of appeals for a writ of prohibition." [19]

This is a very sound resolution of the problem, reached in other earlier decisions,[20] and it should be followed generally. To hold that the mere act of filing of a notice of appeal automatically divests the district court of jurisdiction is to hold that a party can interrupt proceedings in the district court at will. Whenever, then, an attempted appeal is manifestly ineffective to invoke the jurisdiction of the court of appeals, the district court should be free to proceed as though no appeal has been taken, which is the fact.

The filing of a timely and effective notice of appeal divests the district court of jurisdiction only with respect to the judgment brought up for review by the appeal.[21] If an appeal is taken from a judgment which determines the entire action, the district court loses power to take any further action in the proceeding,[22] except in aid of the ap-

[19] Ruby v. Secretary of United States Navy (CA9th, 1966) 365 F2d 385, 389, 10 FR Serv2d 73a.42, Case 2.

[20] Euziere v. United States, n 13, *supra* ("[A]ll of the cases hold that an appeal divests the trial court of jurisdiction over the case, but that presupposes that there is a valid appeal from an appealable order. . . . An attempt to appeal a non-appealable order remains just that, an attempt. It is a nullity and does not invest the appellate court with jurisdiction, and consequently does not divest the trial court of its jurisdiction."); Smith v. Insurance Co. of No. Am. (MD Tenn 1962) 213 F Supp 674, 6 FR Serv2d 50b.252, Case 1. See also Resnik v. La Paz Gold Ranch, n 18, *supra*, and cases cited in n 14, *supra*.

[21] Janousek v. Doyle (CA9th 1963) 313 F2d 916, 6 FR Serv2d 73a.42, Case 1; Meltzer v. Home Corp. of Am. (ND Ohio 1960) 3 FR Serv2d 15a.32, Case 2; 25 FRD 57.

[22] See cases cited in nal, 5, *supra*

peal [23] or to correct clerical errors under Rule 60(a).[24] But where an appeal is taken from a judgment which does not finally determine the entire action, the appeal does not prevent the district court from proceeding with matters not involved in the appeal. Thus an appeal from an order granting or denying a preliminary injunction does not divest the district court of jurisdiction to proceed with the action on the merits.[25] Nor should an appeal from an order which is appealable by virtue of certification under Rule 54(b) prevent the district court from proceeding with the remaining claims.[26] And with respect to orders which may be appealable under 28 USC § 1292(b), that statute expressly provides that an application for an appeal under its authority "shall not stay proceedings in the district court unless the district judge or the Court of Appeals or a judge thereof shall so order."[27]

[23] See n 2, and text accompanying, *supra*.

[24] See ¶60.08, *supra*.

[25] Ex parte National Enameling & Stamping Co. (1906) 201 US 156, 26 S Ct 404, 50 L ed 707; Phelan v. Taitano (CA9th, 1956) 233 F2d 117; Janousek v. Doyle, n 21, *supra*.

[26] Gaudiosi v. Mellon (CA3d, 1950) 269 F2d 873, 2 FR Serv2d 73a.62, Case 1 (contrary contention termed "specious"). See also Freehill v. Lewis (CA4th, 1966) 355 F2d 46, in which both the trial court and the court of appeals assumed an express stay to be necessary.

The contrary result reached in Commonwealth Ins. Co. v. O. Henry Tent & Awning Co. (CA7th, 1959) 273 F2d 163, 2 FR Serv2d 73a.42, Case 2, seems unsound. The language of original Rule 54(b) made it very clear that a judgment disposing of fewer than all claims ought not have the effect of interrupting proceedings in the district court with respect to the remaining claims. "The judgment shall terminate the action with respect to the claim so disposed of and the action shall proceed as to the remaining claims." See ¶54.01[5], *supra*, for the text of original Rule 54(b). That language was not retained in the general re-writing of Rule 54(b) in 1946, but there is no suggestion in the Committee Notes accompanying the 1946 amendment that its omission was intended to effect a change in the rule. More likely, the language was eliminated as superfluous.

Where stay of proceedings in the district court is desired pending a Rule 54(b) appeal, the stay may be sought just as in cases involving appeals from preliminary injunctions and appeals under 28 USC § 1292(b). See cases cited in n 25, *supra*; see n 27, *infra*, and text accompanying. But there appears to be no sound reason why a Rule 54(b) appeal should automatically stay further proceedings in the district court, which may be entirely unrelated to matters presented by the appeal.

[27] 28 USC § 1292(b).

Exhibit "E" Attached to Affidavit of Payment.

A party who desires a stay of all proceedings in the district court pending his appeal from a judgment that does not fully dispose of the action should request such a stay, in the district court in the first instance, or, if it is refused there, in the court of appeals.[28]

¶ 203.12. Effect of Failure to Take Further Steps After Filing a Notice of Appeal.

The second sentence of Rule 3(a) provides:

> "Failure of an appellant to take any step other than the timely filing of a notice of appeal does not affect the validity of the appeal, but is ground only for such action as the court of appeals deems appropriate, which may include dismissal of the appeal."

That sentence is taken verbatim from former Rule 73(a) of the Federal Rules of Civil Procedure,[1] and the decisions under the former rule make it plain that an appeal to the court of appeals is perfected by the sole act of filing a timely notice of appeal with the district court,[2] excepting only the relatively insignificant number of appeals that require permision or allowance.[3] Thus, while failure to take the subsequent steps required by the Appellate Rules, such as the giving of an appeal bond,[4] or the filing of the record on appeal and the docketing of the appeal with the court of appeals,[5] or the taking of steps required by

[28] See Rule 8, *infra*.

[1] Set out in ¶203.21, *infra*.

[2] Walleck v. Hudspeth (CCA10th, 1942) 128 F2d 343, 6 FR Serv 73a.21, Case 1; Miller v. United States (CCA 7th, 1940) 114 F2d 267, 3 FR Serv 59a.62, Case 1, cert denied (1941) 313 US 591, 61 S Ct 1114, 85 L ed 1545; Piascik v. British Ministry of War Transp. (SD NY 1949) 83 F Supp 518, 12 FR Serv 73a.42, Case 1, citing Treatise.

[3] Discussed in ¶203.05, *supra*.

[4] See Rule 7, *infra*.

Failure to file cost bond is not ground for dismissal of appeal where no specific relief is asked on this score and where there is no showing of disadvantage to the appellees. St. Marie v. United States (CCA9th, 1940) 108 F2d 876, 2 FR Serv 73a.1, Case 1, cert denied (1940) 311 US 652, 61 S Ct 35, 85 L ed 417; Power v. Citizens Union National Bank & Trust Co. (CA6th, 1961) 329 F2d 507, 8 FR Serv2d 73a.23, Case 1.

The same is true as to bond on injunctive order of the appellate court, although the injunction will not go into effect. Barrett v. Denver Tramway Corp. (CCA3d, 1941) 120 F2d 701.

[5] Failure to file record on appeal within the time prescribed does not affect the validity of the appeal, but the appellate court may, in its discretion, grant leave to file the record

dence upon the whole record to support this finding.[2]

The record shows that the Union had been notified in writing by respondent that the Association was its bargaining representative. Respondent had an opportunity at the March 27th meeting to withdraw this authorization in writing, but neglected to do so. Its statement made after the meeting was over, or as it was breaking up, that it would not go along with a profit sharing clause, was not sufficient to revoke its formal authorization. Two other employers at this meeting did in writing withdraw their authorization.

[2] There is evidence in the record supporting the Trial Examiner's finding that Brandt, the Union representative, did not acquiesce when told of respondent's position at the contract meeting.

[3] The Board has repeatedly held that the intention by a party to withdraw must be unequivocal and exercised at an appropriate time. Retail Associates, Inc., 120 N.L.R.B. 388, 392–393; McAnary and Welter, 115 N.L.R.B. 1029; Jahn-Tyler Printing & Publishing, 112 N.L.R.B. 167.

[4] As a part of good faith bargaining by both employer and a representative of employees, the Act requires each party to execute in writing any agreement reached by the parties. Section 8(d) of the Act defines collective bargaining as follows:

> "For the purposes of this section, to bargain collectively is the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or any question arising thereunder, *and the execution of a written contract incorporating any agreement reached if requested by either party*, * * *." [Emphasis added.]

This Court has held that a party has an obligation to sign an agreement that has been reached between the parties. N. L. R. B. v. Nesen, 9 Cir., 1954, 211 F.2d 559.

We hold that there is substantial evidence in the record to support the order of the Board.

Let the order of the Board be enforced.

MERRITT-CHAPMAN & SCOTT CORPORATION, a Corporation, Appellant,

v.

CITY OF SEATTLE, WASH., a Municipal Corporation, Appellee.

No. 16772.

United States Court of Appeals
Ninth Circuit.
Sept. 2, 1960.

Action for declaratory judgment against city. The United States District Court for the Western District of Washington, John C. Bowen, J., dismissed complaint without prejudice to the right of plaintiff to file an amended complaint, and plaintiff thereupon filed notice of appeal from order dismissing complaint. Plaintiff also gave notice of appeal from order of William J. Lindberg, J., dismissing upon election of plaintiff not to amend. The Court of Appeals, Hamlin, Circuit Judge, held that the appeal from original order had the effect of transferring to Court of Appeals jurisdiction of the cause and District Court had no jurisdiction to make a subsequent order

2. The Board did not reach, nor do we, the question of what the situation would have been if respondent had unequivocally withdrawn its authorization to the Association.

purporting to finally dismiss the complaint on the ground that contractor elected not to amend its complaint and that subsequent order was not appealable as a "final order."

Appeal dismissed.

1. Courts ⇐405(15)

Where, following order of District Court dismissing complaint in declaratory judgment action without prejudice to plaintiff's right to file an amended complaint, plaintiff filed notice of appeal in Court of Appeals from order dismissing complaint, such appeal had the effect of transferring to the Court of Appeals jurisdiction of the cause and District Court had no jurisdiction to make a subsequent order purporting to turn dismissal into a final order on the ground that plaintiff elected not to amend its original complaint. Fed.Rules Civ.Proc. rules 60, 73 and subd. (a), 28 U.S.C.A.

2. Courts ⇐405(12.9)

Order of District Court dismissing declaratory judgment action without prejudice to the right of plaintiff to file an amended complaint or institute, independently, a new cause of action was not a "final decision" and was not appealable. 28 U.S.C.A. § 1291.

Allen, DeGarmo & Leedy, Seattle, Wash., Manning, Hollinger & Shea, New York City, Glickstein, Crenshaw, Glickstein & Hulsey, Jacksonville, Fla., Gerald DeGarmo, Seattle, Wash., Robert J. Ruben, New York City, Stuart G. Oles, Seattle, Wash., for appellant.

A. C. VanSoelen, Corp. Counsel, Seattle, Wash., A. L. Newbould, Asst. Corp. Counsel, Helsell, Paul, Fetterman, Todd & Hokanson, Richard S. White, Richard W. Bartke, Sp. Counsel, Seattle, Wash., for appellee.

Before STEPHENS, HAMLIN and KOELSCH, Circuit Judges.

HAMLIN, Circuit Judge.

On December 8, 1954, Merritt-Chapman & Scott Corporation and Savin Construction Corporation entered into a contract with the City of Seattle, appellee, for the construction of Gorge High Dam and the Newhalen-Diablo Highway at a cost of something over $14,000,000. Over four years later, during which time construction work had continued upon the dam and highway, Merritt-Chapman & Scott Corporation, appellant, filed in the District Court for the Western District of Washington a complaint for declaratory judgment. Appellant, after alleging generally that difficulties had arisen between the parties during the five year construction period, such as changes in the contract and delays occasioned thereby, asked in the prayer of the complaint that the Court determine whether the contract was in full force and effect or had been abrogated, and alternatively, if it should be determined that the contract was in full force and effect, that the Court determine (a) whether there had been a suspension of work thereunder, and if so the amount of expenses incurred by appellant due to the delays, and (b) the number of days of extension of contract completion time to which appellant was entitled. Lastly, appellant prayed that "the Court reserve and continue jurisdiction over the Plaintiff and Defendant and over the subject matter of this action to find and decree such other rights as may be submitted for decision by either Plaintiff or Defendant by Supplemental Petition, Answer and Cross-Petition or otherwise; to enforce and supplement any Declaratory Judgment and Decree as entered herein and to herein determine any controversy which either has arisen or may hereafter arise between Plaintiff and Defendant out of the Contract, the work performed or to be performed thereunder * * *."

Appellee filed a motion to dismiss the complaint, setting forth three grounds.[1]

1. "Motion to Dismiss Complaint

"Defendant moves the court as follows:

"I

"To dismiss the action because the complaint fails to state a claim against the

This motion came on to be heard before The Honorable John C. Bowen, a United States District Judge at Seattle, Washington, on December 29, 1959, and on December 30, 1959, the District Court made an order which read in part as follows:

> "It Is Hereby Ordered, Adjudged and Decreed that the complaint of the plaintiff be, and the same is hereby dismissed without prejudice to the right of the plaintiff to file herein its amended complaint or institute independently in this case a new and independent action or actions for any and all moneys and claims as and when they become due, owing and unpaid under and in connection with plaintiff's performance of its existing contract with the defendant."

On January 6, 1960, appellant filed notice of appeal to this Court from the order of the District Court dated December 30, 1959. It duly filed, on January 14, 1960, a bond for costs on appeal, together with a statement of points on appeal and designation of content of record on appeal.

Thereafter, on January 27, 1960, counsel for appellant appeared before the Honorable William J. Lindberg, a United States District Judge at Seattle, Washington, and after stating to the Court that he had found "some cases which convinced me it [the order of December 30] was not an appealable order" he announced "the plaintiff in this case elects to stand upon the declaratory judgment complaint as filed in this case and not to amend as permitted by the order of December 30, 1959, as entered by Judge Bowen."

There was presented to and then signed by the Court on January 28, 1960, an order which read in part:

> "Now, Therefore, It Is Hereby Ordered, Adjudged and Decreed that the above-entitled action is hereby finally dismissed upon the election of the Plaintiff not to file an Amended Complaint herein as permitted by the Order Dismissing Action signed, filed and entered herein December 30, 1959, such dismissal to be without prejudice or without cost to any party to this proceeding."

On the same day, appellant gave notice of appeal to this Court from the order of December 30, 1959, and "from the Order of Dismissal Upon Election of Plaintiff Not to Amend * * *" of January 28, 1960.

Appellee contends preliminarily (1) that when appellant filed its first notice of appeal on January 6, 1960, from Judge Bowen's order of December 30, 1959, the District Court was deprived of jurisdiction to proceed further in the case, and thus did not have jurisdiction to enter the order of January 28, 1960, and (2) that the order of December 30, 1959, was not an appealable order and therefore this appeal must be dismissed. We shall consider these contentions.

The first contention of appellee (that the taking of an appeal to the Court of Appeals deprives the District Court of jurisdiction) has been considered in many cases. The Court said in In re Federal Facilities Realty Trust, 7 Cir., 227 F.2d 651, 652, at page 653:

> defendant upon which relief can be granted by declaratory judgment or otherwise.
>
> "II
>
> "To dismiss this action on the ground that plaintiff's complaint shows on its face that plaintiff has waived whatever rights, if any, it might have had to claim that the contract between the parties has been 'rescinded,' 'abrogated,' or is no longer in full force and effect.
>
> "III
>
> "To dismiss this action on the ground that the court lacks jurisdiction for the reason that the contract of December 8, 1954, as pleaded in paragraph IV of the First Claim of plaintiff's complaint, provides an exclusive and mandatory administrative procedure to be followed by plaintiff in the event disputes of the type alleged in the complaint should arise, and plaintiff has not alleged compliance with this contractual condition and exhaustion of its remedies under this procedure."

"It is well settled that filing a notice of appeal from a district court's judgment vests jurisdiction over the cause appealed in the court of appeals. Thereafter, the trial court has no power to modify its judgment or take other action affecting the cause without permission of the appellate tribunal, except insofar as jurisdiction is expressly reserved in the district court by statute or the Federal Rules of Civil Procedure, 28 U.S.C.A., to act in aid of the appeal. Miller v. United States, 7 Cir., 114 F.2d 267 * * *; Smith v. Pollin, 90 U.S.App.D.C. 178, 194 F.2d 349; Willoughby v. Sinclair Oil & Gas Co., 10 Cir., 188 F.2d 902; Jordan v. Federal Farm Mortgage Corp., 8 Cir., 152 F.2d 642, * * *; Daniels v. Goldberg, D.C., 8 F.R.D. 580, affirmed 2 Cir., 173 F.2d 911."

The question was further discussed in District 65, etc. v. McKague, 3 Cir., 1954, 216 F.2d 153, at page 155. The Court there said:

"Counsel for the appellants stated when this court indicated that the appeal should be dismissed that he could procure an order from the court below in conformity with Rule 54(b), F.R.C.P. This court then unequivocally informed counsel that the court below was without jurisdiction to make such an order since the appeal was pending in this court."

Thereafter an order was secured in the lower court pursuant to Rule 54(b), 28 U.S.C. and when the matter came on for rehearing before the Court of Appeals, the Court said:

"The court below was without jurisdiction to enter the order of May 24, 1954 since the appeal was pending in this court and the court below was without jurisdiction to enter any order which would affect the status of the appeal."

In the Ninth Circuit case of Hunter Douglas Corporation v. Lando Products, 9 Cir., 1956, 235 F.2d 631, at page 632, the Court said:

"Assuming that the trial court intended this statement in the findings of fact to be a final judgment dispositive of the counterclaim, we hold that it is beyond that court's jurisdiction. The perfection of the original appeal herein operated to transfer to the Court of Appeals jurisdiction of the cause; the jurisdiction of the trial court ceased and that of the Court of Appeals attached. The trial court was thereafter without authority to act in matters relating to the subject matter until the mandate was returned."

We have found no authorities to the contrary, and appellant has cited none. See 7 Moore's Federal Practice § 73.13.

[1] Rules 60 and 73 of the Federal Rules of Civil Procedure set out what steps may be taken by the District Court after a notice of appeal to the Court of Appeals has been filed, but nowhere in these sections is there given any authority for the District Court to modify its order from which the appeal was taken. 73(a) provides in part as follows:

"If an appeal has not been docketed, the parties, with the approval of the district court, may dismiss the appeal by stipulation, filed in that court, or that court may dismiss the appeal upon motion and notice by the appellant."

In the instant case, the appellant did not choose to take advantage of the above quoted portion of the rule. We hold that the District Court was without jurisdiction to make its order of January 28, 1960.

[2] The second contention of appellee is that the order of December 30, 1959, was not appealable and that therefore the appeal therefrom must be dismissed.

28 U.S.C. § 1291 provides that—

"The courts of appeals shall have jurisdiction of appeals from all final decisions of the district courts * * *."

The question then to be determined is whether the order of December 30, 1959, was a final decision.

That order provided "that the complaint of the plaintiff be, and the same is hereby dismissed without prejudice to the right of plaintiff to file herein its amended complaint * * *."

A similar situation was before the Supreme Court of the United States in Jung v. K. & D. Mining Co., Inc., 356 U.S. 335, 78 S.Ct. 764, 765, 2 L.Ed.2d 806. There, the Court said:

"Respondents moved to dismiss petitioners' first amended complain for failure to state a claim upon which relief could be granted. On May 10, 1955, the District Court sustained the motion, dismissed the complaint, and granted petitioners 'twenty days from this date within which to file an amended complaint.' On May 27, 1955, petitioners moved to vacate the order of May 10 dismissing the first amended complaint or, in the alternative, to extend the time to file an amended complaint. On that date (May 27, 1955) the Court overruled petitioners' motion to vacate the order of May 10, but granted leave to petitioners to file an amended complaint within twenty days from May 27, 1955. * * *

"We think that the District Court's order of May 27, 1955, denying petitioners' motion to vacate the order of May 10, 1955, but granting further leave to petitioners to amend their complaint, did not constitute the final judgment in the case. It did not direct 'that all relief be denied' (Rule 58 of Federal Rules of Civil Procedure, 28 U.S.C.A.) but left the suit pending for further proceedings 'either by amendment of the [complaint] or entry of final judgment.' Missouri & Kansas Interurban R. Co. v. City of Olathe, 222 U.S. 185, 186 [32 S.Ct. 46, 56 L. Ed. 155]. The situation did 'not differ from an order sustaining a demurrer with leave to amend; another order of absolute dismissal after expiration of the time allowed for amendment is required to make a final disposition of the cause.' Cory Bros. & Co., Ltd. v. United States [2 Cir.], 47 F.2d 607. Cf. United States v. F. & M. Schaefer Brewing Co., 356 U.S. 227 [78 S.Ct. 674, 2 L. Ed.2d 721] Clark v. Kansas City, 172 U.S. 334 [19 S.Ct. 207, 43 L.Ed. 467] * * *."

We hold in the instant case that the order of the District Court of December 29, 1959, was not a final order and was not appealable.

Appellee makes other contentions in support of the order of the District Court dismissing the complaint, among them being (1) that the issues raised by appeal have become moot; (2) that the complaint fails to state a claim "upon which relief can be granted by declaratory judgment or otherwise"; and (3) that the District Court's order was within its discretion.

In view of our holding that the appeal must be dismissed it is not necessary to discuss appellee's other points.

The appeal is dismissed.

Earl B. WISEMAN, Individually, and as District Director of Internal Revenue, Appellant,

v.

William F. SCRUGGS and Anna T. Scruggs, Appellees.

No. 6302.

United States Court of Appeals Tenth Circuit.

Aug. 13, 1960.

Action by taxpayers against District Director of Internal Revenue, praying for determination a controversy concerning tax consequences of contract relating to taxpayers' sale of land. The United States District Court, Ross Rizley, J., for the Western District of Oklahoma rendered judgment for taxpayers

RECEIVED
JUL 16 1975
HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION,

Plaintiff

- vs - CIVIL 75-131

M. A. SELF, BEE CHEMICAL COMPANY, ROULSTON & COMPANY, INC., THOMAS ROULSTON, ARTHUR S. HECKER and JOHN DOE,

Defendants

Harter, Secrest & Emery
700 Midtown Tower
Rochester, N.Y. 14604
Attorneys for plaintiff
(Kenneth A. Payment, of counsel)

Hodgson, Russ, Andrews, Wood & Goodyear
1800 One M & T Plaza
Buffalo, N.Y. 14203

and

Baker & McKenzie
700 Prudential Plaza
Chicago, Ill. 60601
Attorneys for defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker

Johnson, Reif & Mullan
47 South Fitzhugh Street
Rochester, N.Y. 14614
Attorneys for defendants Thomas Roulston and Roulston & Company, Inc.

Notice of appeal from an order of this court dated June 17, 1975 and entered June 18, 1975 was filed by M. A. Self, Bee Chemical Company and Arthur S. Hecker on

June 27, 1975 at 4:15 P.M. At 4:15 P.M. on June 27, 1975 M. A. Self, Bee Chemical Company and Arthur S. Hecker filed a notice of petition dated June 26, 1975 and a petition dated June 26, 1975 for reconsideration of the order of this court of June 17, 1975, or, in the alternative, that the court stay the preliminary injunction granted in said order pending appeal therefrom.

On July 7, 1975 this court issued an order to show cause directing the defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker to appear in person or by attorney before this court on July 14, 1975 to show cause why this court should not dismiss the petition of the defendants M. A. Self, Bee Chemical Company and Arthur S. Hecker for reconsideration of the order of this court dated June 17, 1975, or, in the alternative, that the court stay the preliminary injunction granted in said order pending appeal therefrom. The interested parties appeared before this court on July 14, 1975, when oral argument was had. The motion was submitted for decision on July 14, 1975. It is hereby

ORDERED that the petition of M. A. Self, Bee Chemical Company and Arthur S. Hecker for reconsideration of the order of this court dated June 17, 1975 is denied.

The motion of said defendants for a stay of the preliminary injunction granted in said order pending appeal, is denied.

Harold P. Burke

HAROLD P. BURKE
United States District Judge

July 17, 1975.

456
Order and Decision.

RECEIVED
JUL 21 1975
HODGSON, RUSS, ANDREWS, WOODS & GOODYEAR

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

STECHER-TRAUNG-SCHMIDT CORPORATION

v.

Civ- 75-131

M. A. SELF, et al.

SIR: Take notice of an ORDER **denying petition of M. A. Self, et al. for reconsideration and denying stay of preliminary injunction pending appeal** duly granted in the above entitled action on the **17th** day of **July, 1975**, and duly entered in the office of the Clerk of the United States District Court, Western District of New York, on the **18th** day of **July, 1975**.

Dated: Buffalo, New York

July 18, 1975

JOHN K. ADAMS, Clerk
U.S. District Court
U.S. Courthouse
Buffalo, New York 14202

To **Kenneth A. Payment, Esq.**
Attorney for Plaintiff

To **H. Kenneth Schroeder, Esq. and Johnson, Reif & Mullan**
Attorneys for Defendants

FEDERAL RULES OF CIVIL PROCEDURE 77(d)

AFFIDAVIT OF SERVICE BY MAIL

Stecher-Traung-Schmidt Corp.
vs.
M. A. Self, Bee Chemical Co. et al
Docket No. 75-7397

State of New York)
County of Genesee) ss.:
City of Batavia)

I, Leslie R. Johnson being duly sworn, say: I am over eighteen years of age and an employee of the Batavia Times Publishing Company, Batavia, New York.

On the 2nd day of October, 1975 I mailed 2 copies of a printed Appendix in the above case, in a sealed, postpaid wrapper, to:

Harter,Secrest & Emery Esqs.
700 Midtown Tower
Rochester, N.Y. 14604
Att: Kenneth A. Payment

at the First Class Post Office in Batavia, New York. The package was mailed Special Delivery at about 4:00 P.M. on said date at the request of:

Hodgson,Russ,Andrews,Woods & Goodyear Esqs.,Att: H. Kenneth Schroeder Jr., 1800 One M & T Plaza, Buffalo, NY 14203

Leslie R. Johnson

Sworn to before me this

2nd day of October, 1975

Patricia A. Lacey

PATRICIA A. LACEY
NOTARY PUBLIC, State of N.Y., Genesee County
My Commission Expires March 30, 19...